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West Europe Report

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WEST EUROPE REPORT

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POLITICAL

BELGIUM

POLL ON PARTIES, FAVORITE POLITICIANS, PRIME CONCERNS

Brussels LA LIBRE BELGIQUE in French 24 Mar 86 p 2

[Text] This survey was conducted at the request of LA LIBRE BELGIQUE from 11 to 17 March 1986 by 63 inquirers from Marketing Unit, a company specializing in market research and opinion surveys, and covered a sample of 1,987 Belgians aged 18 or over, selected on the basis of quotas by sex, age, and social class. Its margin for error is 2.2%.

The surveys were done on a one-on-one footing, and involved 721 respondents in Flanders, 711 in Wallonia, and 555 in the Brussels-Hal-Vilvorde area.

The findings are weighted as a function of the size of the province surveyed. Affiliations. ESOMAR, FEBELMAR.

Voter Intentions

Question: If the parliamentary elections were to be held next Sunday, which party would you vote for?

The Undecided Majority

	December 85	March 1986		
	Kingdom	Flanders	Wallonia	Brussels
Responding:	72	70	68	70
Not responding:	28	30	32	30

The survey-takers reported a degree of reluctance toward surveys: gloom predominated. More than one out of three Belgians flatly refused to answer during this spring of 1986, either because they were undecided or because they simply did not want to. That's more than in winter, and about the same as in summer. And it's a lot.

Wallonia: From Liberty/Reform (PRL) to Social Christian (PSC)

	March Survey	December Survey	October Elections
Socialist Party	39.5	39.5	39.4
Liberty/Reform Party	23.1	23.8	24.2
Christian Socialist	22.9	22.1	22.6
Ecolo	6.4	8.3	7.6
Other	8.1	8.3	7.7

No very significant changes in Wallonia, but some shudders here and there and a slight reversal in trend. It was the Christian Socialists who moved ahead (topping its October score) and the Liberty/Reform Party that fell behind, while the Socialists held their ground. Do the squabbles that troubled the liberal family, the "blue fraud", and the fact that some of them supported the laic position on abortion, explain their slippage, especially since there has clearly been a voter shift between the two majority parties?

The majority polled 46 percent of the vote, as against 46.8 in October.

Brussels: Warning for the Liberty/Reform Party.

	March Survey	December Survey	October Elections
PRL	18.8	19.9	19.7
CVP	14.5	14.7	14.6
PS	11.5	11.9	11.3
PVV	8.7	8.4	8.0
PSC	7.2	7.2	7.0
ECOLO/AGALEV	6.0	6.3	6.4
FDF	6.2	6.2	8.3
Other	12.3	10.5	9.7

The survey-takers report a very large number of freakish or unclassifiable responses, which would indicate a fair degree of grumpiness. The PVV, in Brussels-Hal-Vilvorde, comes very close to its best score (9.9 percent), which it chalked up in March 1984. Could it have been a "Nyets effect?"

The PRL, though, declined here, too, as it had in Wallonia. That is confirmation of the party's overall downtrend: a warning...

There was not much movement in the other parties, with the exception of the FDF, whose decline is clear to all.

The majority (49.2 percent) is just about where it was in October (49.3 percent), but there have been some internal shifts and rearrangements.

Flanders: PVV in the ascendant

	March Survey	December Survey	October Elections
CVP	33.8	34.8	34.6
SP	24.2	24.2	23.7
PVV	18.0	17.8	17.3
VU	12.0	12.1	12.7
AGALEV	6.3	6.0	6.1
Other	5.7	5.1	5.6

Three findings are worthy of special attention.

The CVP is down one point, which is not critical in a survey but indicates, for the first time since 1985, a reversal of the trend on our barometers (including elections). Here again, a warning. like the ones the French-speaking Liberals got in Brussels and Wallonia.

However, the PVV is still inching steadily upward, as it has for a year, when it reaped only 16.1 percent: is it siphoning off votes from the CVP?

Finally, while far from crucial, be it noted for the record that there is also a steady downward trend on the VU side.

For the Socialists, the same steady trend is upward-bound...

The majority, on the whole, is moving only imperceptibly: from 51.8 percent to 51.9 percent.

Politicians' Popularity

For each of the following individuals, would you tell us if you would like to see him or her wielding substantial political power in the months ahead?

We named 42 people to those we interviewed throughout the country:

Last winter, we added the names of Smet, Defraigne, and Knoops to the list. Mrs Mayance was removed from the list.

We would remind readers that all the names on the list were read off as if from a roll-call to all the people interviewed. Respondents were asked to indicate by a "yes" or "No" whether or not

they would like to see that person in a position of political importance during the months ahead.

The Roster

Vic Anciaux
Philippe Busquin
Willy Claes
Georges Clerfayt
Daniel Coens
Andre Cools
Francois-Xavier Donnea
Jeab Defraigne
Herman De Croo
Kean-Lue Dehaene
Jean-Maurice Dehousse
Gerard Deprez
Patrick Dewael
Marc Eyskins
Gaston Geens
Jean Gol
Michel Hansenne
Jose Happart
Etienne Knoop
Wilfried Martens
Philippe Maystat

Louis Michel
Philippe Monfils
Philippe Moureaux
Anne-Marie Neyts
Roger Nols
Charles-Ferdinand Nothomb
Hugo Schiltz
Henri Simonet
Miet Smet
Antoinette Spaak
Guy Spitals
Frank Swaelen
Jean-Louis Thys
Leo Tondemanns
Louis Tobback
Robert Urbain
Luc Van den Brande
Karel Van Miert
Eric Van Rompuy
Guy Verhodstadt
Melchior Mathelet

Added to last winter's list were: Mrs Smet, Mr Defraigne, and Mr Knoop. Mrs Mayence was dropped from the list.

We would repeat that all names on the list were read in succession to respondents. They were asked to answer with a simple "Yes" or "No, according to whether or not they would like to see that person exercising important responsibilities during the months ahead.

From their responses, we see that 48 percent of Belgians would like to see Martens continue to put his own stamp on political life during the months ahead.

The Kingdom
Martens Lagging Slightly

	1985		1986	DIFFERENCES
	FALL	Winter	SPRING	
MARTENS.....	50	50	48	- 2
TINDEMANS.....	38	40	38	- 2
EYSKENS	35	36	34	- 2
CLAES.....	34	34	33	- 2
VAN MIERT.....	35	33	30	- 3
DE CROO	25	32	30	- 2
VERHOFSTADT.....	18	21	24	+ 3
GEENS.....	25	25	23	- 2
SWAELEN.....	19	22	21	- 1
SCHILTZ.....	21	23	20	- 3
COENS.....	PN*	21	20	- 1
NEYTS.....	PN*			
ANCIAUX.....	21	21	19	- 2
MAYSTADT.....	17	19	19	-
TOBBACK.....	19	19	18	- 1
DEHAENE	19	19	17	- 2
SPITAEELS	18	16	17	+ 1
VAN ROMPUY.....	17	18	16	- 2
GOL	18	17	15	- 2
VAN DEN BRANDE.....	17	17	15	- 2

* P.N. = not listed

Mr Martens is clearly paying in the coin of popularity loss for the poor impression his new team has left. He still retains a considerable following in the country, however, witness his 6-point lead over his closest runner-up, Mr Tindemans.

Overall finding: all the "heavy" personalities in the CVP are slipping in the polls. One might almost say that they have been "too visible."

On the liberal side, we see Guy Verhofstadt passing his final examinations as the youngest minister with flying colors. His stock has been rising steadily ever since last Fall. Mr De Croo, who had made a splendid leap forward at the time of our last survey, is now somewhat off the pace. Mrs Neyts, though, is moving ahead.

Mr Van Miert will have to hustle to find a new issue, because his popularity decline is steady and disturbing. Fortunately for him, his party is handily holding the line.

WALLONIA: Spitaels and Maystadt

In our last survey, Mr Martens, who was most certainly blessed by the gods, managed to snatch the laurels away from "Mr Wallonia." He was to flaunt them, alas! but for a single winter...

Mr Spitaels won back his wreath, though, when he clocked a pretty 3-point lead. He is still, manifestly, the Socialist candidate in whom the Walloons have most confidence.

Mr Maystadt, who was in third place on our form-sheet last winter, has moved up a notch, displaying outstanding momentum since last fall. Clearly, this is a man on his way up, not only in the ranks of the PSC, but in Walloon opinion.

Staying awhile with the Christian Socialists' performance, we note that Mr Deprez is running out of steam. This might be attributed to a hostile reaction to some of his initiatives: the Socialist rejection of the Community and the Regio. and the merger of thhe PRL with the PSC. Remarkable is the sudden takeoff by Michel Hansenne, whose success in stabilizing the unemployment rate was certainly a factor.

On the Liberal side, we must report that Mr de Donnea's brilliant breakthrough with his opinion as to how the military reform job should be approached was certainly well received. Mr Defraigne, who appears on our barometer, is enjoying public approval for his plain speaking and perhaps for his minimal approval of special measures. Mr Gol seems to be rooted in place, doubtless as a result of his forced immobilization.

	1985		1986	DIFFERENCE
	FALL	WINTER	SPRING	
SPITAEELS	39	37	40	+ 3
MAYSTADT	31	34	37	+ 3
MARTENS	38	38	37	+ 3
GOL	33	31	30	- 1
HAPPART	32	30	29	- 1
DEHOUSSE	30	30	29	- 1
M. WATHELET	29	30	29	- 1
COOLS	26	27	27	-
DEPREZ	29	29	26	- 3
MONFILS	22	24	25	+ 1
DEFRAIGNE	P.N.	P.N.	25	-
DE DONNEA	P.N.	P.N.	25	-
BUSQUIN	P.N.	24	23	- 1
L. MICHEL	24	23	23	-
HANSENNE	P.N.	P.N.	22	-
CLAES	23	P.N.	22	-
DE CROO	26	22	22	-
TINDEMANS	24	22	22	-
NOTHOMB	20	22	22	-

FLANDERS: LIBERALS IN THE LEAD

	1985		1986	
	FALL	WINTER	SPRING	DIFFERENCE
MARTENS.....	59	58		-
EYSKENS.....	52	54	54	- 2
TINDEMANS....	52	54	51	- 3
VAN MIERT.....	56	53	50	- 3
CLAES.....	43	44	41	- 3
GEENS.....	41	41	40	- 1
VERHOFSTADT..P.N.		36	39	+ 3
DE CROO.....	37	38	37	- 1
COENS.....P.N.		36	35	- 1
SCHILTZ.....	39	40	35	- 5
SWAELEN.....	32	26	34	- 2
NEYTS.....P.N.		29	33	+ 4
ANCIAUX.....	39	38	32	- 8
TOBBACK.....	31	32	30	- 2
DAHAENE.....	31	30	28	- 2

In Flanders, all the Christian Socialist leaders are trailing. Only Mr Eyskens is still holding his own. This will not come as much of a surprise to many, since "the Mark" makes it a matter of policy to project a very active image right now, and as a result is very well thought-of in the financial community. It is not beyond the bounds of possibility that Mark Eyskens is feeling the urge again to try his wings as prime minister, particularly since Dahaene has yet to get off the ground, and still languishes on the bottom line in our charts.

All the Socialists are losing ground, led by Mr Van Miert. In Volksunie (VU) ranks, the opposition has unquestionably stayed healthiest. This is the Battle of the Beresina for men like Anciaux and Schiltz. The internecine sniping that has broken out in the ranks of the VU are certainly reflections of the negative fallout from the behavior of the men in this party.

The big winners in Flanders are the Liberals, who seem to have got a new lease on life despite their deplorable showing in last October's elections. Verhofstadt is well out in front and trouncing De Croo, while pretty Annemie Neyts is proving her party's sound judgment in picking her to lead it.

BRUSSELS: NO! to Martens VI

	1985		1986	
	FALL	WINTER	SPRING	DIFFERENCE
Martens	43	49	45	- 4
GOL.....	39	38	34	- 4
DE CROO.....	26	29	28	- 1
SIMONET.....	34	31	38	- 3
MAYSTADT....	25	28	28	-
TINDEMANS...	24	28	27	- 1
SPITAELS....	29	20	26	-
EYSKENS.....	25	26	26	-
de DONNEA...	25	26	26	-
SPAARK.....	24	24	23	- 1
MONFILS.....	PN	PN	22	-
CLAES.....	23	24	21	- 3
NOLS.....	29	24	21	- 3
L. MICHEL...	22	24	21	- 3
VAN MIERT...	23	23	21	- 2
COOLS.....	23	23	21	- 2
WATHELET....	PN	19	19	-
DEPREZ.....	PN	20	18	- 2
VERHOFSTADT.	PN	PN	18	-
DEFRAIGNE...	PN	PN	18	-
Ph. MOUREAUX	20	20	17	- 3
HAPPART.....	20	19	17	- 2
NOTHOMB.....	20	19	17	- 2
NEYTS.....	PN	PN	17	-

In Brussels, right where they used to be more pro-government than anybody else, the criticism these days is stinging: both Martens and Gol have lost 4 points.

Among the Liberals, there is a decline in popularity for Simonet, they find that Nols really doesn't amount to much any more, and some claim to see a little gain for Mr de Donnea.

Mr Thys, even though he is a cabinet member here, finds not even a humble slot on our chart. Annemie Nevts, though, is bowling along on the fast track.

Verhofstadt and Defraigne, as well as Monfils, have at long last won themselves some admirers in Brussels.

Deprez is dropping back in the capital, though not so far back as Louis Michel or Philippe Moureaux.

Belgians Losing Confidence in Government

QUESTION

In view of the problems facing Belgium these days, how sure are you that Martens' government can handle them?

We compared these answers with those in earlier surveys: this is what we found, and the discrepancy surprised even us. Trust and confidence in the government is eroding fast.

ANSWERS (kingdom-wide)

Very confident	5%
Fairly confident	24%
Not very confident	19%
Not at all confident	21%
No opinion.....	31%

Confidence:	Yes	NO
Spring 86	29%	40%
Winter 85	45%	33%
Fall 85	37%	37%
Summer 85	38%	36%
Spring 85	34%	37%
Winter 84	36%	39%
Fall 84	31%	39%
Summer 84	33%	39%

QUESTION:

What priority issues do you think the Government should be dealing with right now?

ANSWERS

	Spr 86	All 1985			
		WINTER	Fall	Summer	Spring
Fight unemployment.....	78	79	79	79	79
Cut taxes.....	62	62	60	62	61
Bring down rising prices.....	57	57	58	58	57
Combat violence and anxiety....	44	47	38	38	35
Solve the immigrant workers problem.....	27	23	25	25	25
Improve education.....	25	26	30	26	27
Foster labor peace.....	25	28	26	27	27
Settle the Community problem once and for all.....	21	26	31	27	29

The salient point here is the waning public concern with Community issues, which hit the lowest level of interest recorded on our barometer.

The problem of immigrant workers is more acute now, but the lack of security is not so generally cited, which is probably to be attributed to a prolonged period of relative calm.

There was no change in levels of concern on other problems.

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All interviews were conducted on a person-to-person basis: 721 in Flanders, 711 in Wallonia, and 555 in Brussels-Hal-Vilvorde.

Affiliated organizations: ESOMAR, FEBELMAR.

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CS0: 3619/42

POLITICAL

DENMARK

GOVERNMENT URGED TO ACT SOON TO PREPARE FOR NEXT ELECTION

Copenhagen BORSENS NYHETSMAGASIN in Danish 14 Apr 86 p 5

[Editorial by Poul Resnaes, Editor in Chief: "Preparation for Elections"]

[Text] The government should very soon go into the isolation booth to plan its election campaign. We recommend that this should happen before the summer vacation. The goal must be that the prime minister, in his opening speech in the Folketing in October can present the program, or the visions, which the government wants to present to the voters. And that is regardless of whether the election is scheduled for later in the fall or in 1987.

At the moment the goal of the government is to achieve equilibrium in the balance of payments by the end of 1988 at the latest. That has been proclaimed as the final proof of the economic restoration. Unfortunately there is no indication that the goal is being reached. As the months pass with steadily worse figures for the trade and payment balance, the goal continues to become more unrealistic and risky for the government. This year the government must probably admit that it once again failed to correct the hated balance of payments.

Despite strong stimulation from abroad in the form of the falling dollar and the falling price of oil plus Christmas and Easter packages, the deficit will undoubtedly be something over 20 billion kroner--more likely about 26-28 billion.

This development reflects not only too much consumption and an overheated economy, but a much worse problem: too little results on the export markets. Danish industry is apparently not competitive enough. This problem has been discussed numerous times. Even though it must be solved primarily by business, it presents the government with a dilemma. It is difficult to "sell" an economic restoration which does not include competitive industry, but which has been so expensive that the country's debts have increased greatly. The government must unfortunately experience the truth that business has not been able within the given time frame to carry out its part of the task, namely to produce the necessary export boom. Thereby an essential condition for restoration is missing. And thereby it becomes extremely difficult to reach a balance in 1988.

The longer the government waits before recognizing this problem, the greater is the risk that it will be identified with it and also made responsible for it. Therefore the government should discontinue minimizing the deficit in the balance of payments or hanging onto the coming months' trade figures. This just destroys its credibility. And the trade figures are not getting any better. On the contrary. And new political financial interventions are not helping. The traditional national economic resources are already exhausted.

The government needs a new strategy and a new goal. It is urgent. Otherwise the criticism will grow, inside as well as from outside. It will accelerate along with the growing deficit in the balance of payments and new demands for stronger intervention. The power of consumption and declining exports can very well neutralize previous interventions, and then some. Therefore the government is risking being forced more and more on the defensive. And in that case it could not succeed by almost manically clinging to old goals and hoping that something will turn up. Or by pointing to already achieved results. They will rapidly fade away.

Criticism can be unjust and unreasonable. It is not the government's fault that exports are declining. But it is the government's job to define society's problems and establish strategies and goals. For both the short and the long term. The developments of recent years must give cause for new thinking. Developments have gone in a different direction than the government anticipated. And they are not changed by the introduction of traditional stop-go policies and political financial package solutions. New realization, new plans and new goals are needed. And these will also bring the government back on the offensive. Preferably in good time before an election.

Therefore the government's future will depend on how they use the spring and summer. It will also be a test of the ability of the new ministers. The Folketing election, which will come this year or next, will be the great showdown for the nonsocialist model, and it can therefore be decisive for the development of society for years to come. It is therefore also decisively important that the government come back on the offensive as quickly as possible.

9287

CSO:3613/112

POLITICAL

DENMARK

ROBERT PEDERSEN ELECTED TO FOLKETING FROM HERNING DISTRICT

Copenhagen BERLINGSKE TIDENDE in Danish 22 Apr 86 p 1

[Article by Per Lyngby: "Election Victory to Robert Pedersen"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The Social Democratic loner Robert Pedersen yesterday evening won the election as Folketing candidate from the Herning district. He received over half of the votes.

Social Democrat Robert Pedersen, who broke with the position of his Folketing group by recommending a yes vote on the EC package, will continue as the Folketing candidate from the Herning district for one more year. With 432 votes out of a possible 842 he won an election yesterday evening against two other Herning candidates.

"I interpret the result as meaning that I am here for one more year, and so we will have a little peace here in the Herning district," said a happy Robert Pedersen to BERLINGSKE TIDENDE yesterday evening.

He has broken Social Democratic Party discipline on several occasions, the latest was before the referendum on the EC package when to his election committee's great annoyance he recommended a yes vote.

The event caused the chairman of the Herning district, Sine Diemer, to run as Robert Pedersen's opponent. Furthermore Troels Johansen, who is chairman of the Herning section, one of 11 sections in the district, also ran.

But they could not prevail against the 65-year-old Robert Pedersen, who has been the Social Democrat candidate from the Herning district since 1971, and who in the 1984 election gained 639 personal votes. In the recent election Troels Johansen gained 331 votes and Sine Diemer only 79 votes, while Robert Pedersen won 432 votes, more than half.

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CSO:3613/112

POLITICAL

FRANCE

FISZBIN ON FUTURE OF PCF, REFORMERS, LEFT

Paris LE QUOTIDIEN DE PARIS in French 14 Apr 86 p 10

[Interview with Henri Fiszbin, former PCF leader and recently elected member of French National Assembly, by Sylvie Vormus: "Henri Fiszbin to LE QUOTIDIEN DE PARIS: Juquin Should Quit the PCF"]

[Text] The former communist leader, who has just been elected a deputy, considers that the PCF "is continuing its steady decline" and that it has become necessary to "rally all the forces of the Left" by "building, with the PS as its base, the greater organization that will federate all the adherents to socialism."

The crisis that is buffeting the French Communist Party today is of an unprecedented nature by comparison with prior ones, its externalization being exacerbated with the aid of the media--a phenomenon which paradoxically discloses, at one and the same time, both the strength and the weakness of the anti-establishment movement. Its strength because the party leadership, despite its total stranglehold on the apparatus and on the choice of officers and standing committee members, has been unable to prevent certain federations from publicly taking issue with certain of its orientations and indeed with the leadership's very legitimacy. Its weakness because the objectors to the majority line, organized as they are, and whether they like it or not, in splinters and factions, automatically place themselves willfully and knowingly outside the law of the party.

The solutions open to them are but two: Submit to the party's statutory discipline, or quit the party--a choice that would involve no Corneille-ian conflict whatever if the different shadings and individualities that are expressing themselves against the leadership were proposing a coherent policy line. But they are doing nothing of

the kind. The debate at the last Central Committee meeting showed, as did the different demands and arguments posited, that the instigators were more interested in rebelling against the leadership than in working out a policy alternative. It is also clear that allegiance to Moscow, which--to put it mildly--seems to be a not inconsequential element in the attitude of the PCF, is being, more often than not, ignored!

It follows that the PCF leadership is aware of its trumps: Disunity among the objectors, the power of the apparatus, and the loyalty of a sectarian core that is automatically self-regenerated during a time of policy change. In addition, the leadership is setting out to win back the intellectuals it has lost. Proposed for this operation is Jacques Roux, former director general under Jack Ralite, minister of health and member of the Central Committee. With a straight face, the professor of medicine at Montpellier dares to affirm in last Saturday's L'HUMANITE that the Party has "50,000 or 60,000 intellectuals (sic) who are for the most part silent... "This, in effect, labels the many petitioners as great talkers--and not very fine ones, at that--as pseudo-thinkers, and in any case not imbued with a Marxist principle calling for thought to be tied to action.

Also noteworthy is the flash reentry of fellow-traveler Jean Ferrat, not in the least vindictive despite the party's infidelities toward him in favor of a young man, who is rising, well-connected, in any case, at Place du Colonel Fabien, Renaud.

For Henri Fiszbin--our interview with whom we publish today--there can be no doubt that the new generation of "renovators" has not the least chance, any more so today than yesterday, of succeeding. The former member of the Central Committee and first secretary of the Paris Federation--who resigned from the Central Committee in October 1979, went into self-exile from the party the following year, and is today unitary communist deputy elected on a PS ballot in the Alpes-Maritimes--is proposing the reunification of all the communists within a greater federation whose central axis would be the PS, distanced from the cleavages between reformist party and revolutionary party that have marked the split of the workers movement and which, in his view, are outdated. RCH [RENCONTRES COMMUNISTES HEBDO], founded by Henri Fiszbin, has organized a debate for tomorrow on the theme "What Does

the Future Hold for the Communists?", with the participation of Michel Cardoze, Francois Hincker, Georges Labica, Michel Naudy and Paul Noirot.

[Question] How do you analyze the general situation of the Left following the elections of 16 March?

[Answer] The debate in the national Assembly is bringing out clearly the troublesome consequences of the return of the Right to power and of a program that is systematically demolishing what the Left accomplished over a period of 5 years: Social progress, democracy, freedoms... The task before us now is to work for the bringing into being of a new change as rapidly as possible, and to rally to this task all the forces of the Left.

[Question] When you say "the Left," are you thinking of both the PS and the PCF?

[Answer] I am thinking of all the forces of the Left, of which the communists are an incontestable historic component. When one speaks of the communists, the tendency is to think of the Communist Party. But there are also those communists, even greater in number, who have broken with the party. The PCF continues on the road that has led it into an irreversible decline. The time has passed when there was still a possibility of reversing this trend. The PCF leadership has clearly shown formidable effectiveness in its ability to self-destruct this influential machine that has fulfilled a unique role over the past 60 years. The leadership has steered the party away from the course that was its reason for being--namely, the building of a revolutionary organization; that is to say, concrete action to change the existing reality, to reorient the course of things towards a socialist and democratic society.

[Question] What you are defining here is reformism...

[Answer] That is a question of etymology. It is arguable. But if we wish to give words their common ordinary meaning, I see no conflict between a reformist approach and a revolutionary approach. One leads to the other.

I believe that the historic cleavage that separates the two branches of the workers movement, that existed long before the Russian Revolution of 1917, and that dates back to Marx himself, has pitted those who thought it possible to improve capitalism through democracy and those who, like Marx, felt that capitalism could not be democratized, that it must be eliminated. It is a cleavage that once had its reason for being but which today is entirely outdated because history has resolved it. History has shown that action by parties calling themselves reformist have been able to bring about considerable improvements for in the world of labor, especially in the Northern European democracies, but that they could not eliminate the faults inherent in the capitalist system: Exploitation, oppression and, above all, economic management for the benefit of private

interests. The crisis has proven that, the Welfare State having no additional wealth to distribute, improvement of the workers' condition demanded that the structures of the capitalist system itself be called into question. The workers movement must win an eminent place in the management of companies, from the economic standpoint as well as the political one.

On the other hand, the revolutionary viewpoint, which for 60 years in Europe had played an extremely important role in the mobilization of the people, for social progress, against fascism, for democracy, was confronted with the consequences of Stalinism. But the proof has been conclusive that socialism of the Soviet type, which had come to symbolize it, only leads to an undemocratic society having nothing to do with the communists' ideal of freedom.

[Question] What then, in your view, is the political solution?

[Answer] The problem is presently to rally all the forces that seek socialism. The situation calls not for separating the different shadings, cultures and components of the Left, but for rallying them within a pluralism. The time has come to reassemble the workers movement. The time of the split between the reformist branch and the revolutionary branch is past. Throughout Europe, we are witnessing the flowering of the buds of this rapprochement: In Italy, the Scandinavian countries, Germany, Spain, Portugal, France, ...

This is why I am a unitary communist deputy allied with the socialist group.

[Question] Is it not true that one of the major lessons of the 16 March elections--the PS's 32 percent--is a confirmation of the desire of the voters of the Left to be represented by a party of the social democratic type?

[Answer] I know the social democratic parties of Northern Europe, and that of Germany. In Southern Europe there are none. In England, there is trade unionism. The social democratic parties are parties in which there is an osmosis, an interpenetration between the considerably powerful political organization and the labor organization, an anchorage within the world of labor and a social democratic policy which, in effect, had forgone coming into office, even at times rejecting the aim of socialism, as at Bad Godesberg in Germany. In France, the situation is entirely different. Historically, there have never been social democratic parties in the sense that we have just discussed. Let us not forget that the influence that anarcho-unionist ideology has exerted in the workers movement is far from being extinguished today. The union movement is still under the constraints of the charter of Amiens forbidding any rapprochement between trade movement and political movement. The PS's anchorage

inside the Left is clearly established, as is also its transformational viewpoint. And as a result of the PCF's default, the PS is the sole political force able to represent a Left that is itself pluralist.

[Question] One finds it hard to perceive exactly what it is that distances you from the PS.

[Answer] Above all, I am not seeking to highlight what separates us. What is called for is a rallying of all those who, like myself, are participating in the battle of the Left. I am a communist. It is a political choice, not a theological one. I look to Marxism as my frame of reference for analysis and awareness. I militate for the hegemony of the working class and of the producers in society, in the Gramscian sense of the term. I want to put an end to capitalist exploitation and oppression. If the distinctive personality of the communists has points in common with that of the socialists, so much the better. There still are cleavages, differences. But these constitute a richness. The time is one for rallying, and I aim to see that the communist culture's specificity brings to this rally its full contribution. The communists exist as a community at large, even though the PCF has been sidelined. I believe that constructing, with the PS as its base, the greater organization that will federate the adherents to socialism, in all their diversity, is the order the day.

[Question] Can the crisis that is now buffeting the PCF actually be the precursor of a vast rallying of the communists outside the PCF?

[Answer] In 1978, we were at the onset of a process of crisis. The PCF was still garnering 20 percent of the votes. Today, it is running at less than 10 percent. The crisis is one of disaffection, of isolation, and of a realization that the communists are increasingly suffering from it. I feel solidary with the communists who want to renovate the PCF. But I believe it is useless to tackle the task from a therapeutic standpoint. The time is past when the PCF could have been saved. There is no way, not the least possibility--and I deeply regret this--that the present generation of reformers, following in the footsteps of many others, can succeed. Each explosion of discontent ends in victory for the leadership. The more battles it wins, the more it kills the party. Its sole concern is to perpetuate its power. It does so through its control of the apparatus, the "prefectural corps" of the standing committees. There is no force within the party that is capable of calling the leadership's power into question.

On the other hand, there must be no misunderstanding. Within the PCF, the narrow, sectarian faction is largely dominant. There are but two common points in the opposition: The discrediting of the leadership, and the demand for democratic debate. But if, assuming the impossible, a truly free and open debate were to take place within the party, the policy line that would emerge from it would not be fundamentally different from

that of the leadership. For, the PCF has already rid itself of the greater part of its discouraged unitary militants, either through their being reduced to silence or to self-exile.

[Question] How do you explain the fact that the flight of generations of cadres, intellectuals, officials and militants of the PCF never translates concretely into regroupings outside the party?

[Answer] Perhaps the explanation is to be found in the fact that a period in history is in the process of ending: That in which the PCF was the political representative of the labor world. It is a fact beyond doubt that every attempt since 1978 to give meaning to a different, self-sustaining brand of communism has failed. On the other hand, efforts aimed at preserving the communist culture and instituting it within the Left appear, as I see it, to be the precursors of things to come. It is true, nevertheless, that the decline of the PCF has had the negative effect of driving innumerable active forces out of militant life.

[Question] You, for example, are calling for a certain Pierre Juquin to leave the party as quickly as possible.

[Answer] I would like to see all communists come together again in the camp that is theirs--namely, the Left--so that it can benefit as a whole from the distinctive qualities of their culture. We cannot continue eternally repeating the same mistakes oblivious to their ultimate consequences. Let's not while away time and let's not take refuge in abstractions and Utopias. We must address the concrete realities of the concrete situation in accordance with Karl Marx's ironbound rule. The concrete situation, the concrete reality, is that in France there is a Left that must regain majority status. To do this, it needs the communists on the side of the President and allied with the Socialist Party. Let's all work at it together.

9399

CSO: 3519/154

POLITICAL

FRANCE

PCF RESTRICTS MEMBERS ACTIVITIES

Paris LIBERATION in French 10 Apr 86 p 44

[Article by M. S.]

[Text] The leadership of the Communist Party indicated yesterday its desire to find a framework within which the opposition, which is flourishing unabated, can be tolerated. In an effort, first of all, to de-dramatize a crisis that continues to wrack the party at its very depths, its Political Bureau sought to demarcate what it considers no longer tolerable: "All factional activity aimed at putting at issue the choices arrived at democratically during the last congress will be fought vigorously," Jean-Claude Gayssot stated emphatically during his weekly press briefing at Place du Colonel Fabien.

Pressed to explain the meaning of this threat, the deputy from Seine-Saint-Denis replied that the organizing of petitions being published in the press was "a factional activity." But he sidestepped all questions as to the sanctions that might be applied. "We want to carry on a political battle," he explained, while putting the protesters on guard against pursuing "an activity that would consist of seeking torch-bearers." This phraseology means that the efforts of petitioners to "find correspondents in each federation" will, in the words of one of the coordinators of the protestation, "be severely fought against" by the party leadership.

This threat, however, is likely to remain a pious vow. The signatures, individual and collective, are continuing to flow to Tony Laine, the protest movement's "mailbox." And the federal committees, which have virtually all met, have, while frequently approving the orientation of the last Central Committee meeting, not come forth as hoped for by the leadership to condemn "factionist initiatives." Except for the three that have explicitly taken a position against the current policy line (Meurthe-et-Moselle, Doubs, Corse du Sud), the majority of them has chosen to avoid a frontal battle.

In Haute-Garonne, for example, the communist general assembly, convened in special session, was accorded an unprecedented right: Rene Piquet,

member of the Political Bureau and head of the federation, and Claude Labres, an avowed advocate of renovation, one after the other, presented their views before an audience called upon to understand that "cohabitation" was preferable to confrontation.

In this touchy situation, the communist leadership decided to resume the offensive on other terrains. It announced that the intellectuals, as well as the party's youth, would soon be convoked, but refused to disclose when and how these initiatives would be carried out. And next Monday, all the federations of the Paris region have been called upon to demonstrate on the watchword: "Tyrants Out." This is to be a protest against the "asylum" granted to Jean-Claude Duvalier and against the visit of Chun Doo Hwan, president of the Republic of South Korea, who is scheduled to arrive in France on 14 April.

9399

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POLITICAL

GREECE

POLL ON KKE (INT) TITLE CHANGE

Athens TA NEA in Greek 10 Apr 86 p 2

[Text] An absolute majority of the members of the KKE (Int) supports the changing of the title of this party and the creation of a new leftist-socialist body.

This emerges from the results of the polls taken at the pre-congress plenary sessions; these results were made public yesterday, since the proceedings in almost all of the organizations of the KKE (Int) have been completed.

According to these results, the first proposal of the Central Committee on the "changing" of the party into a broader body has the support of a relative majority of 44.3 percent.

The second proposal, which is against this change, is favored by 40.9 percent, while the third proposal, which is for the change but includes at the same time the convening of a new founding congress, gets 6.6 percent of the votes. The fourth proposal, which argues for a postponement of the creation of the new body until a later date, gets 2.5 percent.

12114

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POLITICAL

GREECE

PARTIES RECOGNIZED IN CHAMBER OF DEPUTIES

Athens ETHNOS in Greek 10 Apr 86 p 14

[Article by K. Mardas and D. Mavrogenis]

[Excerpts] As of today, the secretary general of the KKE, Kh. Florakis, and the chairman of the Democratic Renewal, K. Stefanopoulos, are recognized leaders of parties according to the rules of order of the Chamber of Deputies, which were modified yesterday evening.

What does this mean? It means that these two leaders have an unrestricted time for speaking in the Chamber of Deputies, are entitled to briefing by the premier, and are to be received in audiences given by the president of the Republic.

Distinctive of yesterday's session were the peaceful exchanges and the unanimous expression of sympathy towards the request of the chairman of the KKE (Int), L. Kyrkos, that his organization be recognized as a party. However, there was no change made to the amendment by G. Alevras. Moreover, this could not happen, since the debate was held "according to the body of procedural rules." That is, a once-through debate with a "yes or no" vote and without the right of amendment.

Of the PASOK deputies, only A. Tritsis "associated himself" with the request of Kyrkos. He suggested that the "historical presence" of each party from 1974 to today should be taken into account, along with each party's required percentage of 1.5 percent of the votes in elections.

12114

CSO: 3521/137

PLITICAL

ICELAND

PEOPLE'S ALLIANCE, PROGRESSIVES GAIN IN POLL

Reykjavik MORGUNBLADID in Icelandic 22 Mar 86 p 2

[Article: "People's Alliance and Progressives Gain Strength"]

[Text] According to a new Hagvangu public opinion poll, the People's Alliance and Progressive parties have strengthened their position among the voters compared to the results of the last Hagvangu public opinion poll from last December. The following of the Social Democratic and Independence Parties have, on the other hand, fallen since the same poll. Drawing conclusions solely in terms of the 1983 Althing elections, the support of the People's Alliance, Social Democratic Party, the Women's List and the Independence Party has grown, while the support of the Social Democratic Alliance and the Progressive Party has declined. Support for the People's Alliance and the Women's List has increased greatly, at the expense of the Social Democratic and Independence parties.

The poll was carried out during the period 3-11 March and 1000 persons 18 years and older residing throughout Iceland were chosen to participate in the poll and called by telephone. They were asked: "If there were going to be Althing elections in the next few days, what political party or association would you vote for? A total of 785 persons answered the question and 472 took a position, or 60 percent of those asked.

Only in terms of those participants in the poll who took a position, the following of the parties is as follows: "People's Alliance 18.6 percent (14.6 percent in the December, 1985 Hagvangu Poll and 17.3 percent in the 1983 Althing elections); Social Democratic Party 11.9 percent (16.2 in December, 1985 and 11.7 percent in the Althing elections); the Social Democratic Alliance 5.3 percent (4.3 percent in December, 1985 and 7.3 percent in the elections); Progressive Party 15.7 percent (13.0 percent in December, 1985 and 18.5 percent in the elections); Women's List 8.9 percent (8.9 percent in December, 1985 and 5.5 percent in the elections); Independence Party 38.8 percent (42.1 percent in December, 1985 and 38.7 percent in the elections); Man's Party 0.8 percent (1.0 percent in December, 1985).

When we look at differences among participants in the poll by sex, it emerges that the following of the People's Alliance in the poll among men is unchanged from December of last year, at 14.9 percent, but that the party's following among women has, on the other hand, increased from 14.2 to 23.5 percent. Likewise, the female following of the Social Democratic Party decreased during the period since the last poll from 16.4 percent to 8.9 percent and the following of the Independence Party among women decreased from 41.8 percent to 34.3 percent.

9857

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POLITICAL

ICELAND

INCREASED BITTERNESS IN PEOPLE'S ALLIANCE INTERNAL STRIFE

Reykjavik MORGUNBLADID in Icelandic 12 Mar 86 p 9

[Commentary by Staksteinar: "The Split in the People's Alliance"]

[Text] Actions within the People's Alliance Party assume new forms with each passing day and there is no doubt whatever that the party chairman, Svavar Gestsson, has lost control of the party. Struggling People's Alliance factions carry on their battles for the whole world to see and spare nothing. Only a few days after the Labor Union Dagsbrun, one of the most important wings of the party within the labor movement, condemned a THJODVILJINN report on wage agreements and accused the editors of the paper of falsifications and insincerity, the news has come that the chairman of the People's Alliance Labor Council and three other council administrators have declared their lack of confidence in the party leadership and have resigned from the party. Staksteinar will discuss this issue today.

The Leadership has Collapsed

Four of the five administrators of the People's Alliance Labor Council have resigned from the party during a council public meeting last weekend. Those resigning were Bjarnfridur Leosdottir, chairman of the council, and her female colleagues Margret Pala Olafsdottir, Stella Hauksdottir and Dagbjort Sigurdardottir. The reason was their great dissatisfaction with party policy in wage and working conditions matters. "Through our resignations," they stated, "we express our lack of confidence in the leadership of the labor movements led by the People's Alliance Party and of the firm support that the party leadership shows them."

Leosdottir said in an interview yesterday in THJODVILJINN: "from the time that this administration of the labor council took office (in February, 1985) it was entirely clear that the leaderships of the organized labor movements, which were then the pets of the party chairman, intended that the labor council achieve nothing. We shaped a clear policy on wage and working conditions issues and this policy was by and large agreed to at various party meetings. The foundation for more fervent labor struggle, an altered distribution of income among the people is very strong among rank and file union members of the People Alliance. This policy was also reflected in the resolutions of the party convention and of the party central committee. But when it has been a matter of decisions by the labor movement and party leadership it has been the end of the new things that we have been attempting.

The position of the party has been thrust aside as if it never existed. This development was climaxed by People's Alliance MPs who voted for the mutual insurance policy and who have taken part in falsification of index figures within the Althing."

"Catastrophe"

With regard to Leosdottir's words it is appropriate to recall that about a year ago a major reform was carried out at a public meeting of the People's Alliance Labor Council. Baldur Oskarsson was defeated in elections for the chairmanship of the nominating committee. Bjarnfridur Leosdottir was elected chairman of the council and she brought many radicals into the council administration along with herself, persons at odds with the party labor leadership. The most important labor movement leaders of the party, men such as Asmundur Stefansson, Gudmundur J. Gudmundsson and Haraldur Steinthorsson, did not stand for election to the council and seem to have decided make trouble for it. Throstur Olafsson, retiring chairman of the council, said in an interview with MORGUNBLADID on 5 February, 1985: "The outcome of this public meeting of the Labor Council is on the whole a catastrophe and will have fateful results."

Bjarnfridur Leosdottir later said in an interview with the paper on the same day that her election was an assertion of the fact that the most important People's Alliance leaders in the labor movement are going to miss the bus. "The People's Alliance rank and file desires a bolder labor policy and a more radical struggle for improved working conditions," she said.

Where are the Splits?

The question naturally arises in connection with the assertions of Leosdottir of where the splits in the party are. She thinks that the party leadership, the labor movement leadership and party MPs have failed, but that the rank and file members and a majority of those attending national convention and central committee meetings desire a more radical policy. Are thus the party rank and file totally without influence? Cannot they advance their goals. Is it not possible to work against the party leadership?

In fact it emerged from THJODVILJINN yesterday that the assertions of Leosdottir on the majority power of radicals are not fully founded. She and her cohorts on the administration of the Labor Council were a conspicuous majority at public meetings of the council. Leosdottir's interpretation is that the party leadership has conspired with its support group and overcome the radicals by brute force. Leosdottir wanted to defer the business of the meetings and discuss agreements, but the proposal was voted down.

Bjarnfridur Leosdottir and her cohorts now plan to take the field in the so-called "Alliance of Women on the Labor Market," but the primary leader of this association is Birna Thordardottir, whom the readers of Staksteinar will most like know from Fylkinginn. It will be interesting to see what happens to this alliance after reinforcements of warrior maids from the People's Alliance have begun to work within it. In fact Leosdottir still has one foot in the People's Alliance since, according to a THJODVILJINN statement of yesterday, the Executive Committee of the People's Alliance Young People's Movement has resolved to allow her to become an honorary member of the association. "Leosdottir accepted the offer," it says in the paper.

The burning question now is: what tidings will next be borne from the People's Alliance? Will the party perhaps split.

9857

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POLITICAL

ICELAND

GOVERNMENT SHOULD CONSIDER CUTTING SOVIET EMBASSY STAFF

Reykjavik MORGUNBLADID in Icelandic 12 Mar 86 p 28

[Editorial: "Expulsion of Soviets"]

[Text] Icelanders have long been shocked, and not without good reason, about how many Soviet diplomatic personnel there are in Reykjavik. Their numbers--there are a total of 80-90 soviet diplomats in the capital region--has been a matter of concern far beyond Iceland. In no ways is it possible to show in terms of our political connections with the Soviets or in terms of the trade between the two countries that there is a need for so many Soviet diplomats as there in fact are.

Although the actions of the Soviet Embassy in Reykjavik have often given rise to criticism, the criticism has never been sufficient for advisors in the Icelandic Ministry of Foreign Affairs, whether politicians or professionals, to cut the matter short and ask for a decrease in the number of Soviet diplomats. No international regulation or agreement hinders in this matter. On the contrary, there is provision in the friendship accord on political relations between the two countries that reciprocity and equality should govern such relations. Three Icelanders work in the Icelandic Embassy in Moscow, on occasion there are five Icelandic representatives against 80-90 here in Iceland.

The United States Government has ordered the Soviets to decrease their "unnaturally large delegation" to the United Nations from 275 to 170 over the next two years. Cannot this decision be a model for the Icelandic political authorities?

9857
CSO: 3626/0023

POLITICAL

ICELAND

FOREIGN MINISTER, OFFICIALS, SCHOLARS ON SECURITY POLICY

Increased World Affairs Interest

Reykjavik MORGUNBLADID in Icelandic 9 Apr 86 p 32

[Article: "Report of Icelandic Foreign Minister: Increased Emphasis Placed on Iceland's Foreign Trade Interests"]

[Text] Icelandic Foreign Minister Matthias A. Mathiesen has presented a report to the Althing on foreign affairs. The report consists of an introduction establishing policy; a chapter on individual international issues (disarmament, the Geneva discussions of the great powers, the United Nations etc.); a chapter on international organizations and regional cooperation; a chapter for regions of the world; foreign trade (the Common Market, the European Free Trade Association, the economic and developmental institutions of the Organization for Economic Cooperation and Development, the Gatt Agreement on Customs etc.); development cooperation; security and defense matters (Nato defense policy, participation in the business of the NATO Military Affairs Committee, surveillance and defense share etc.); Law of the Sea issues (sea bed issues, whaling, the North Atlantic Salmon Fisheries Organization, the fishing of other nations within the Icelandic economic jurisdiction etc.) and finally the report discusses foreign affairs as such.

There follows below the introduction to the report. The report will be given more detailed treatment in MORGUNBLADID later in its pages devoted to the Althing.

"There was a change of ministers in the Ministry of Foreign Affairs on 24 January this year. I took over the post of minister from Geir Hallgrimsson, who had held the post since the present government took power on 26 May, 1983, or around two and one-half year. At the time of the change of ministers I said that policy in foreign affairs would be unchanged. This policy emerges from the statement of the coalition parties on foreign affairs which follows:

The primary goal of Icelandic foreign policy is to ensure the independence of Iceland and to forward national interests. This is being achieved, among other things, through participation in nordic cooperation, in the military

cooperation of the Western nations, in international economic cooperation, in the activities of the United Nations and in institutions associated with the United Nations. Iceland has supported increased humanitarianism, human rights and peace internationally.

The position of Iceland in disarmament matter is connected with its support of mutual and multilateral disarmament, wherein the carrying out of the disarmament will be assured through international supervision.

The fullest possible Icelandic rights within its zone of economic jurisdiction must be protected and the rights of Iceland to the sea bottom region beyond its zone of economic jurisdiction must be safeguarded in accordance with international law.

I thus reported that the Icelandic initiative in security and defense matters first set forth during the period office of my predecessor will be continued. At the time of the change of ministers I also noted certain tasks which I wished to advance during my time in the Icelandic Ministry of Foreign Affairs, in particular in the area of export services. I think it right to make note of the major areas of concern here, at the beginning of this report.

First: I think it proper that the Icelandic legations be strengthened to allow them to become involved, to an increased degree, with Icelandic trade interests abroad. In cooperation and taking counsel with the Icelandic Ministry of Trade and the proposed Icelandic Export Council, an effort will be made in introducing Icelandic products and in marketing with the Icelandic diplomatic legations playing the major role. The Icelandic diplomatic service will accommodate itself to policy details contained in the government draft on the proposed Export Council. Special trade representatives will be hired for the legations which will be involved. The Icelandic Ministry of Foreign Affairs has previously cooperated with the Manufacturing Export Center on foreign marketing representatives.

Second: We are working towards establishing a future policy regarding much increased political and economic cooperation of the states of the European Common Market. We will explore in particular further cooperation of Iceland and of the European Common Market in the area of trade in terms of the statement of European Common Market and European Free Trade Association member nations in Luxemburg in April, 1984. The first step in that direction will be for Iceland to obtain a regular secretarial representative with the European Common Market. It is necessary for Iceland to be well informed in Common Market matters with regard to trading conditions. Half of Icelandic foreign trade is presently with Common Market, now that Spain and Portugal have become members.

Third: We will review carefully the organization of Icelandic foreign and trade services in Asia to determine the degree to which our trade there might be increased. The Japanese market is thus now a very important market for Icelandic goods and products and future prospects are felt to be great there. The same thing might be said of many countries in Asia. There is also the prospect of increased cooperation with Japan in the area of energy production and high technology.

Since the end of the last world war, military and security matters have placed their special mark upon discussions of international affairs. In recent years, however, international economic issues have gained more and more significance as an important part of international affairs. Economic conditions in the world not only have an impact upon the competencies of individual nations but economic and security issues are also interconnected by many unbreakable bonds. Foreign trade is a vital component of international economics. An important aspect of the operations of the foreign service in coming years will be a complex search for markets in cooperation with other parties, likewise, a guarding of Icelandic interests in the face of new and changed circumstances.

I feel that the initiative of Iceland in security and defense matters increased during the period of my predecessor. As a natural continuation of what he achieved, I have proposed in the government that an appraisal be made of the "internal security" of Iceland. This is primarily in terms of defense against international terrorism, and likewise against illegal espionage. Preventive measures against such actions should be taken, likewise contingency plans drawn up. The proposal which now lies before the government involves creation of a committee to evaluate these matters. The committee is intended to make proposals on whether or not there should be a controlling office and appropriate measures to ensure internal security within the governmental system, what should be the jurisdictions of whoever functions in this area and likewise to evaluate the need for special regulations governing the activities of diplomats and of other public officials in the service of foreign nations.

Official on 'Internal Security'

Reykjavik MORGUNBLADID in Icelandic 2 Apr 86 pp 20-21

[Article by Hreinn Loftsson, Aide to the Icelandic Minister of Foreign Affairs: "On the 'Internal Security' of a Democracy"]

[Text] Hreinn Loftsson is an aide to the Icelandic Minister of Foreign Affairs. Basis of the article was a speech given by the author to a conference of the Association for Western Cooperation and Vardberg and a meeting of the Lions Club at Fjolin.

In the book "Um vidreisn Islands--Deo, Regi, Patriae" (On Restoration of Iceland--for God, King and country), written by Pall Vidalin in the year 1699 and revised, expanded and published at Storey by Jon Eiriksson in 1768 (Steindor Steindorsson of Hlod Islenzka, published by Orn and Orlygur in 1985) there is reference in one place to the problem of where it would be most convenient to place an Icelandic capital. In these discussions is perhaps to be found the first realistic appraisal by an Icelander of the defense of Iceland. The author thought that the best choice would be, among the towns, a place which, among other advantages, would be well protected by nature so that foreign enemies might not risk attacking the capital against the will of Icelanders, except by putting themselves in the gravest danger. He mentioned the place called Myrar and so evaluated the military advantages of the spot: "...well defended by fens and bogs on the land side, so that there is no passage there for foes, except where a road has been made. But it would be

easy to defend. In the winter the capital would be in no danger of attacks by enemies from the land since they could winter over only with difficulty, only through placing themselves in the greatest danger of illness, both on account of a shortage of suitable housing in the great bogs and also especially due to diet...On the sea side the place is secured by sand bars, which an enemy ship could not get over."

This was what the author had to say about the natural advantages of his desirable capital and it is nonetheless interesting to hear what he says about the military preparations of the inhabitants themselves. "The defense of the town he would be best when the inhabitants of the town themselves would see to it and would not thus need to have the burden of a standing army and be fearful of its duplicity. They should procure good commanders, who would drill them once a week. At the same time all Icelanders could be taught to bear arms whereby the regions would gradually allow splendid young men to learn how to bear arms from the commanders. Those in training would think it good to receive no other wages for service than a fixed pay. The communities would bear the costs of the stay of those being trained but it could, on the other hand, happen that they would go to sea to fish in their free time." The author then adds that works should be built near the town under the leadership of the commanders. "Costs of the construction would be small since it would be possible to allow criminals, condemned to penal servitude, to work on them, in addition to the previously mentioned military trainees. The inhabitants of the city would take turns in standing guard in the works whenever danger would arise."

Now it is to be sure true that Reykjavik, later chosen as the Icelandic capital, is not so well protected by nature as Myrar, but in this area we can scarcely seek the advice of Pall Vidalin and Jon Eiriksson the privy counselor. These ideas, however, show admirably that people began to think about the defense of Iceland before our time and had ideas about it.

It is in fact noteworthy that in the 18th century, which may be considered the era of Iceland's greatest difficulty, one of plague and of natural catastrophe in the history of Iceland, that defense and security should be uppermost in people's minds when they thought about Iceland's recovery. It is likely, however, that they did not go so far so as to think about what is now called "internal security," but it is conspicuous from my point of view that having a standing army in the capital is not a good thing out of fear of its "duplicity." It is better to call into the ranks splendid young men from the countryside from whom there is no danger that they will dishonor their country. I think that in this issue we can learn something from the prophetic words of Pall Vidalins and Jon Eiriksson the privy counselor to the effect that local people should be trained for guard and surveillance duties. To be sure not "splendid young men from the countryside," if only because they are guileless and too solicitous, but Icelanders who have gained experience in these difficult values of life which we call defense and "internal security."

II

It has only been in the most recent years that there has been a certain change of emphasis in discussions of defense in Iceland. It may be said that during all the period since the end of the Second World War the argument has been rather whether there should be a defense in Iceland or whether Iceland should be a member of NATO. People have to a large degree avoided real discussion and been too polite on the issue of how best Iceland's defense is to be arranged. During the time of the present government Iceland's initiative in defense and security matters has greatly increased. The first steps have been made in the direction of bringing into being our own military competency. Iceland has increased its participation in NATO discussions on security issues. Two new radar surveillance stations are being built due to Icelandic initiative. The garrison force has been reequipped and should be adequate in the future. It may be said that as a logical continuation of the initiative in defense and security matters undertaken by Iceland it is now also proper to think about the "internal security" of Iceland. By "internal security" two things are meant: first of all guarding against the terrorism and sabotage of fanatics. Secondly the term applies to the illegal gathering of intelligence and subversion by foreign states. Those proposals now being considered by the government and which have been reported in the media are directed at the coordinated preparations of the government authorities against such activities, at deciding where in the government system such coordination should be achieved, at determining what the powers of those who are to see to the coordination and the execution of the measures should be and at establishing firm regulations regarding the relationships of public figures with foreign diplomats.

III

It may be stated that those governing any country always stand before two kinds of choices in their decisions. Their problem is to placate opponents. One of the best known American columnists, Walter Lippman, stated in one of his books, "The Public Philosophy," that the public interest is that which those governing would choose if their eyes were not blinded and their well conceived evaluation and object judgment were not confused. Many will no doubt agree with me that there is nothing easy about this. It is all the more difficult for those governing in a democracy where the choice is more often than not between what Lippman calls hard and soft values. Financial affairs, security, law and rules are examples of areas where decisions are difficult for those governing. In all of these areas there are hard and soft aspects. It is far easier to achieve a more comprehensive agreement on expenditures than on treasury income, to pay for consumption than to stimulate production, to kindle inflation rather than to reduce it, to borrow money rather than to replay debt, and so forth. When we face such problems, it is the inclination of those governing in a democracy to take into consideration the largest group of voters and we can be sure that the majority of voters are more interested in promoting the cause of the soft values, rather than the hard, as Lippman calls them.

But it is the duty of government to stand fast and have the public interest in view when such decisions are to be made. And what is under discussion here is, in my view, a good example of a difficult decision, a difficult choice. It would be easiest to forget about the "internal security" of Iceland completely, but events occurring in the world around us require us to deal with the difficult values, the defense of Iceland and "internal security." We cannot trust others to do everything for us. That would have a great negative impact, as Pall Vidalin and Jon Eiriksson the privy counselor have made so clear. We must have control over internal competency and internal operations in this cold science.

IV

I will now turn to a discussion of two obligations which I think the rulers of every nation have before their peoples. I will then discuss democracy briefly, and how those governing democracies are prepared to meet the obligations that I have mentioned. Finally, I wish to discuss that narrow path which people living in democracies must tread when "internal security" is in question.

When the foundations of Iceland were laid, it was most likely done with the intention of securing a long life for it. Generation succeed to generation and in everything they do, those governing must think of the future, and conduct themselves in such a way that what they do might benefit coming generations. This should be an easy obligation for those ruling democracies; states which involve a form of government which is a retort to and often opponent of dictatorships or oligarchies, which have long oppressed mankind with misgovernment and arbitrariness. The obligation should be easier for them still in as much as there is no basic dispute that a democratic form of government enjoys the absolute support of the vast majority of the people enjoying it.

There may be added to the obligation to look out for the progress of a country the obligation of those governing to make provisions to assure self-determination. And laws and rights must be maintained internally.

V

Democracy is a form of government, and it is likewise a peaceful way to change those governing. Chief Physician Vilmundur Jonsson seems to have said that the purpose of democracy is to remove those in power without having to shoot them! What is generally meant by democracy is that those ruling seek their mandate from the masses at regular intervals in elections between those supporting the government and its opponents. Government opponents have full rights to seek the support of the masses and to enjoy absolute freedom of speech and freedom of assemble. A government which does not enjoy the support of a majority of the voters gives up power and those suffering a defeat are not punished except in so far as they have been charged with something according to the laws of the land and they enjoy the protection of independent courts. Finally, what we mean by democracy is that those who govern are those actually in power and not the puppets of others.

To some degree forms of government other than democracy are better prepared to defend itself and to meet those obligations which I have mentioned. Democracy is not anything special in regard to fending off the attacks of its enemies. I would like to say a few words about that.

Freedom and human rights are the underpinnings of democracy. Communist states rest, on the other hand, upon a completely different basis. It is not enough that they clash with any attempts to achieve freedom at home. On the contrary, they seem to think that free forms of government in other states are a menace to themselves. Their interests are directed in two directions: On the one hand to defend their territories and on the other to expand their area of influence. These are their goals and in this areas those governing such countries need not worry about those points of view which I have referred to above, that is "soft" or "hard" values. If military appropriations need be raised, they are raised. If an uprising in a neighboring country must be put down, it is simply put down. If they must deal with undesirable opponents it is a convenient choice to send them to a mental hospital.

It cannot be ignored that democratic countries operate under altogether different and more complex conditions. Opponents of the form of government have a right to a hearing in a democratic country no less than others and can thus easily misuse their positions, if they wish to do so. If a democratic country wishes to protect itself it must tread a narrow path between just criticism and subversion or destruction.

VI

How can a democratic country respond to the problems which I have discussed?

I feel that it is very doubtful that bigots can obtain such great support in democratic countries, at least here in the West, for them to be able to elect their candidates in elections. The danger is rather from organized groups of zealots which would grab power or have an influence upon political events through violence or subtle subversion. And there is also danger from the shady activities of the communist countries, which expend all their energies in seeking to undermine the democracies in a great variety of ways, that is, through spies, the dissemination of deceptive information and the support of international terrorism.

Democracies must protect themselves against such dangers. They have done this externally through their cooperation in NATO. But they must also think of their protection internally.

As a matter of course, the democracies cannot adopt the same measures to assure their internal security as the dictatorships. There they must exercise care since none of them would in any way be without the virtue which resides in freedom to criticize and fight for change. These virtues are the very basis of democracy. Nonetheless, effort is being made to increase preparations against the subversion and undermining emanating from those countries wishing the destruction of the democracies. They must map out and consider how it is best to prevent these things from weakening them.

I have briefly discussed what I see as the major problem, objectively viewed, in the discussions of "internal security" which have been going on in Iceland.

That problem is blurred, however, by the difficult choices of those ruling democratic countries. On the one hand, they must please the general electorate, which often bring about changes of government for quite unimportant, short-term reasons whereas it must be realized that the security interests and safety of a country must be considered on the long-term. In other words, the major problem lies in balancing freedom and human rights on the one side with security on the other, so that freedom without obligation does not endanger safety and so that security measures do not fetter freedom. This is a difficult business and it is not possible to establish detailed or binding rules about it. To even the balance, those in power in democracies must maintain eternal vigilance; they must steer by justice and reasonableness whereby the public interest is everywhere the steering point.

Scholar on Terrorism Threat

Reykjavik MORGUNBLADID in Icelandic 8 Apr 86 pp 18-19

[Article by Thord Aegi Oskarsson: "The Internal Security Issue in Iceland"]

[Text] The author is a political scientist. His report is a substantive address on internal security presented to a conference of Vardberg and the Association for Western Cooperation on 19 March.

It is difficult to define what is meant by the concept of internal security. To tell the truth, it is best to say that I think that no adequate definition is to be found for this concept. But it must still be said that internal security involves actions aimed at protecting the existence of this democratic regime, which we have chosen to live under, through struggling with all our efforts against any kind of threat that it might encounter.

We then come to another, no less important problem, that is, to define those dangers threatening the state and later show how we are to deal with them. Let us look at some diverse examples of such threats in terms of internal security.

The British have had to deal with a chronic problem in their internal security on account of incessant exertions and atrocities in Northern Ireland. The origins of these exertions lie in the religious division of the inhabitants of Northern Ireland, although others think that other elements, especially economics, also have a great deal of influence in the matter.

The existence of the French state has more than once been directly or indirectly imperiled on account of internal weakness. Examples are the 1968 student unrest and the subversion of the OAS countries late in the 1970s. But the French have done well with their armed security forces, the Gendarmes, which has taken up the role of guarding French internal security in peace time.

Italy and in particular Turkey have often had to deal with internal security problems first and foremost the result of political inequalities and economic difficulties.

The history of the countries near the end of the Mediterranean Sea need not be mentioned in this connection, it is well known.

Finally, we may mention the Soviet Union as an example. Under discussion here is a dictatorship which in fact bases its existence in its present form to a large degree upon a slave system of internal security police, which has first and foremost the duty of preserving with all available means the obedience of the citizens to the ruling oligarchy. The overwhelming majority of the citizens of the Soviet Union are the greatest threat to the internal security of the Soviet dictatorship.

There are also other examples of threats to the internal security of nations which touch us far more than those mentioned hitherto.

In this connection it is proper to mention a few names: John Kennedy, Robert Kennedy, Martin Luther King, Anwar Sadat, Earl Mountbatten, Indira Gandhi, Aldo Moro and now, most recently, Olof Palme.

Countless atrocities and violence against the leaders of individual countries and to a greater degree against innocent citizens are internal security problems which Icelanders do not know from their own experience but through the mass media. No one can say when we will experience such in our happy land.

The Purpose of Terrorism

During only 14 years, from 1968-1982, acts of terrorism were recorded in 117 countries and most of them were experienced in Western Europe. This can be a strong indication of the danger.

The examples given above show that the causes of dangers for inner security are seldom isolated. They can be social, economic, geographical, religious, cultural, ideological and, last but not least, psychological.

It is a misunderstanding, often heard, that attention in the mass media in and of itself, all things being equal, is the goal of terrorists.

The mass media is first the foremost the best path for those to further the announcement of their acts of violence and to create that fear and feeling of insecurity among the public which will gradually undermine the public's trust in the form of government it enjoys.

The consternation which exists in all countries on account of the acts of violence of terrorists finds its reflection clearly in the following words of a man who knows one variation of terrorism from his own experience, Andrei Zakarov. He has said:

"It does not matter how sublime a goal the terrorists consider themselves to have, their actions are always criminal and destructive. They lead mankind in outrageous opposition to that peace and those actions which we are striving towards."

Spies and Subversives

There are refined ways to undermine the internal security of countries. These ways involve certain kinds of spying and subversive activities.

Such actions can assume a great many forms. For example, the collection of information about the weakness of a country in every area; enlistment of nationals of a nation for spying, direct or indirect subversion; financing the actions of friendly persons, political parties and other associations; direct training and advising of subversives and economic pressures, to mention just a few.

Finally, danger can be created for the internal security of a country by various kinds of antisocial forces which have a definite connection with other countries and groups. The replies of countries faced with such problems has generally been two-fold; on the one hand collection of information and evaluation of the danger and subsequently measures, a pure security police or else a rooting out of the danger.

Both of these things apply to the actions of terrorist forces and the refined spying and subversion efforts which have the same goals by nature, that is, undermining the country in question or utilization of the weaknesses of the country for short-time success.

The Reactions of Iceland

I have hitherto touched on the larger problem in terms of the most important areas which come to the fore when there is discussion of what is meant by internal security and threats to it. But how does the Icelandic state approach Iceland's internal security. Because of the nature of such security forces public information about them is not freely available. Here we can thus do no more than draw our information from public knowledge. Internal security and security forces are not discussed as such in laws or regulations.

It is proper in this connection to refer to the policy speech given by Icelandic Foreign Minister Matthias A. Mathiesen on 20 February before a Vardberg meeting. He said in the speech that increased initiative in security and defense matters ought also to apply to Icelandic internal security and centered his discussion around the following issues:

1. Public safety
Defense against terrorism
2. Preparations against any kinds of actions intended to
undermine the security or independence of Iceland.

The first item, public safety, clearly expresses the function of public safety as clearly set forth in laws. It involves the planning and carrying out

of measures intended to prevent, as the case might be, that either the persons or property of the public should be subject to the influence of military action, natural catastrophe or other misfortune, and intended to offer relief and aid on account of any damage which has been inflicted. These functions do not come under the control of others according to law.

Public safety comes under the Ministry of Justice and is assigned to a Public Safety Council which administers public safety and is responsible to the ministry for carrying out laws on public safety. Last year a ten year-plan on the buildup of public safety in Iceland took force.

I see no reason to write in detail on public safety, both on account of the fact that public safety functions cover a great deal of ground, and because of the fact that these functions include unquestioned, obligatory services of each country to its citizens. One need is a professionalization through this ten year-plan.

Defense against Terrorism

When we look at another area discussed by the Icelandic Foreign Minister, defense against terrorists, it is more difficult to obtain a grasp of things. It must be realized first of all that terrorists can both come from abroad and at the same time from within a country, from the citizens of the country in question, as is clear from many examples.

We have no formal security police or security police department comparable to the FBI in the United States or M16 in Britain, which have clearly and distinctly the function of providing for the internal security of their nations. It thus is part of the definition of Icelandic police that it is the single authority which has the function of providing for the internal security of Iceland to the degree that such security is defined.

There are definite components in which the above is confirmed. First of all there are, if we may call it that, our protector of Icelandic frontiers, the Office of Alien Supervision, a department within the Office of the Police Commissioner in Reykjavik, which operates in cooperation with the Icelandic Customs Administration or the police authorities in the place in question.

It may be said that the entire Icelandic police is by nature an Office of Alien Supervision. The actions and activities of the Office of Alien Supervision and the Passport Office are considered one and, if not the most important vanguard in the struggle against terrorist forces.

Modern communications have made the distance and isolation of Iceland from the events of international politics to naught. Much in what is done by the Office of Alien Supervision should be requisites of a successful operation. But Icelanders should bear in mind that Iceland's shoreline is long and unguarded and that it is for this reason not difficult to land in Iceland if there is the need to do so. For example, many passenger ships come to Iceland yearly without supervision and there is the problem of how much supervision there should be before it has a negative influence.

Proposals to prevent air piracy are under consideration at the Keflavik Airport. This comes under the jurisdiction of the airport police, which is administered by the Defense Affairs Office of the Icelandic Ministry of Foreign Affairs.

It may be mentioned in this connection that there is a Committee for Defense against Air Piracy. The committee comes under the Icelandic Ministry of Communications and is intended to fulfill the function of organizing and coordinating measures. This is in accordance with resolutions on international aviation. On the other hand, there is no police at those airfields serving domestic flights. The Reykjavik Airfield, which services domestic and foreign flights, has much poorer police protection.

There is close association with the international police organization, Interpol. Interpol sends Iceland various statements that concern Icelandic internal security.

Last but not least it is proper to discuss the Special Police Division in Reykjavik. It is important to bear in mind that the Special Division was not created specifically for the purposes of providing for internal security, except in terms of the definition of the role of the police in general.

The creation of the Reykjavik Special Division may be attributed to the personal opinion of the Reykjavik Police Commissioner that there was a need to create a specially trained police division to deal with particularly difficult law enforcement, such as armed men and difficult life saving.

In fact, this means for us that if there is terrorism in Iceland, it would unquestionably be the work of the Special Division to struggle against the problem. In general, police in the Special Division are involved with normal police work.

Many facts could be compiled regarding the effects of measures intended to strengthen internal security. It is generally understood that there is a security system to guard the residence of the Icelandic President in Bassastodir. In fact people know how this works, if the newspaper reports on the mobilization of police in Hafnarfjordur on account of holes in the system are correct. It is clear, moreover, that there have long been certain proposals for a security police for ministers and the Commissioner of Police has been requested by the Icelandic Prime Minister to offer further proposals for a security police for public figures.

The Activities of Diplomatic Personnel

Concerning the third area emphasized by the Icelandic Foreign Minister in his speech, that is preparations against any kind of action intended to undermine the security and independence of Iceland, there are few things which may be said with certainty under present circumstances. But we have neither a secret service nor a counterintelligence organization.

The activities of foreign diplomatic personnel have been unsupervised for some time. Last year, more specifically, on 13 June, 1985, the Althing passed an

Althing resolution which called for emphasis on having the activities of foreign diplomatic personnel be kept within suitable bounds and in the spirit of the Vienna Agreement of 1961 as it applies.

But this agreement discusses the political connections of countries. Moreover, old laws on the ownership and use of real property were changed in 1980 and the rule established on purchases of real property by foreign embassies that they were subject to the approval of the Icelandic Ministry of Justice.

The above mentioned motions are the first intended to achieve any control over the activities of foreign diplomats. No one doubts the need for this, as the unanimous vote of the Althing shows. The expansion of embassies in Iceland, the Soviet Embassy for example, without any reasonable explanation being provided, and likewise the limitations, for example on the freedom of movement of Icelandic diplomatic personnel in Moscow, give us a strong indication of the need for effective supervision. And unquestionably trained manpower will be need for this. There has been very little supervision of ship movements near Iceland and likewise the activities of research expeditions in and off Iceland. There has been growing restraint in this area in recent years.

The same is true about supervision in this kind of areas and over the actions of diplomats and diplomatic personnel. But such supervision will require a specially trained work force and equipment.

Institutions and Computers

People have also noted the need for regular security in important institutions and in energy production. Nothing has been done to achieve such security and thus the need to work on the problem.

Finally, let us turn the subject to another area which concerns internal security police and is connected with computer networks here in Iceland. A kind of computerized data production has created still another dimension to internal security. An enormous quantity of public data has thus come into a mechanical form and and it will unquestionably increase in coming years. It is quite possible that unauthorized persons, both Icelanders and foreigners, will be able to break into the data banks and use them for their own purposes.

Computer spies are a growing profession in the underworld widely abroad. Laws have now been established on systematic registration of information regarding personal agreements. According to these laws a three man committee, named by the Icelandic Minister of Justice, is assigned supervision over how the laws are carried out. This indicates a new area in the policing of the internal security of Iceland which requires serious consideration.

Freedom and Democracy

If there is one thing which we can learn from the acts of terrorists it is that they wish governments to answer their acts in such a way so that they loose the trust of their citizens and fall as a result.

We Icelanders, as other democratic nations, value most the freedom of the individual: freedom to have a private life, freedom of movement and last but not least freedom to express ourselves as we will. That form of government which allows us to do these things is dearest to us. But it is in no way easy to provide fundamental democratic rights of being allowed to go in peace and to be both secure and free. The sensitive balance that secures, on the one side, the rights of the individual and, on the other, the security of citizens in general is a problem. That balance reposes above on upon the police.

No Leap in the Dark

It is an established fact that Icelanders are extremely conscious of the dangers that confront Iceland in the area of economics and culture. The threat to Iceland's internal security is, however, not so clear in the minds of the public and of many public figures. The murder of Olof Palme has, to be sure, brought about a noteworthy change in this matter.

The efforts of the Falcon Gang, scarcely a threat to Iceland's internal security as a whole, here in years past show that we have not been wrong about the fact that undesirables can sneak into Iceland.

It is a matter of course that small countries such as Iceland cannot imitate large countries completely in this area. Other small countries have armies which fulfill the internal security role to a large degree. It is adequate here to mention three examples: Malta, with 380,000 inhabitants, has an army of 775 men; Cape Verde, with a population of 360,000, has an army of 1,185 men; Costa Rica, which has been mentioned in same breath with Iceland as a country without an army, has security units amounting to 8,000 men.

Is this the road that we will travel? We make no leaps in the dark and we do not tolerate foreign interference, although it is dangerous to confuse our judgment. This matter must be looked at carefully, as the intention of the foreign minister shows. We must set about the matter purposely. We must carefully coordinate the activities connected with our internal security and anything else associated with it.

It would be preferable to put all matters connected with guarding internal security under one hat to avoid conflict and political struggles for dominance. If the Icelandic Prime Minister and the ministries of communications, justice and foreign affairs are all involved in these matters things will not go well.

We do not desire for Icelandic internal security to be threatened by foreign or domestic subversives or terrorists, which could move freely about Iceland.

But we also do not desire a system of control which would offend our freedom and democratic coexistence in Iceland. But we must beware of the the Soviet union, for example, which places no less emphasis upon finding, repressing and destroying those which set themselves up against the dictatorship of the system than upon establishing connections with "friends" situated outside its territories.

Guarding internal security is now a thought in the minds of most Icelanders and the matter must be pursued with all speed. Something must be done and sooner rather than later. There are many things which must be improved in this area. There is no fully developed system in this area, but careful preventive measures should do us all good in an uncertain future. We must be on guard.

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POLITICAL

ICELAND

FOREIGN MINISTER MATHIESEN REPORTS TO ALTHING ON POLICIES

Foreign Trade Initiative Main Topic

Reykjavik MORGUNBLADID in Icelandic 16 Apr 86 p 32

[Article: "Special Trade Representatives in some Icelandic Delegations, Says Icelandic Foreign Minister Matthias A. Mathiesen"]

[Text] The report of Icelandic Foreign Minister Matthias A. Mathiesen to the Althing was discussed by a joint session of the Althing yesterday and the discussion continued well into the night. The Icelandic Foreign Minister introduced his report and went into some detail. He spoke first about the assumptions and execution of Icelandic foreign policy; military cooperation with the United States and parties to the Atlantic Alliance; the Nordic Council and the United Nations. He then talked about the new emphasis in the Icelandic Foreign service, especially regarding foreign trade. The minister then discussed disarmament, proposals for a nordic nuclear-free zone, actions within the United Nations, development cooperation etc.

Below is published that part of the minister's speech in which he discussed the new emphasis in the Icelandic Foreign Service:

"Foreign Trade is an important component of international economics and its importance is growing. The relevance of regional cooperation with Common Market Europe is growing and this encourages Iceland to be careful so that we will have a completely free hand in international trade.

It is stated in the introduction to my report on foreign affairs that the Icelandic Foreign Service will be accommodated to items of policy occurring in the draft on the Icelandic Export Council.

First of all, an effort will be made in promoting Icelandic products and in marketing towards cooperation and collaboration with the Icelandic Ministry of Trade and the Icelandic Export Council. It is planned to hire special trade representatives for those delegations which seem to need them.

It is extremely promising if we grant the position of public deputies to such trade representatives. That will open many doors and should also prove practical and economical. I anticipate a great consensus on this issue, and I

know that those countries which have done very well in the area of international trade in recent years have pursued a very successful trade policy through the collaboration of export companies and government.

It may be noted in this connection that the Norwegian Foreign Service, in close cooperation with the Norwegian Export Council, has done a great deal in the area of promotion and sales of Norwegian fish breeding. Iceland needs to gain a foothold in this area and there is a great deal of work still undone in marketing, wherein the Icelandic Foreign Service could fulfill an important role. That role would involve, among other things, collection of information on marketing possibilities and technical developments within regional embassies, in addition to general promotion of Iceland and Icelandic products.

Secondly, effort will be made to delineate a future policy regarding greatly increased political and economic cooperation of the Common Market countries. Last 1 January, both Spain and Portugal became members of the Common Market and therewith half of Iceland's foreign trade is with Common Market countries, that is, 48.8 percent of the Icelandic total export and 52.7 percent of Iceland's total imports. There is a need to work for closer interconnections of Iceland and the Common Market in accordance with the joint statements of the ministers of the European Free Trade Association and the Common Market countries in Luxembourg in 1984.

It is very necessary in terms of conditions of trade for Iceland to keep up with Common Market business and the first step in the direction of Iceland's obtaining a regular secretarial representative has been made. I have written a letter to our ambassador in Brussels and asked him to find the best way to achieve this.

Thirdly, we will take a special look at the organization of the Icelandic Foreign and trade services in Asia to see to what degree we might expand our trade there. The Icelandic market in Asia, the Japanese market in particular, is now important for Icelandic goods and products and future prospects are viewed as considerable. I would recall that the large Japanese company Sumitomo is cooperating with Iceland in the operation of a silicon iron plant and that we expect increased cooperation with Japan in the area of energy production and high technology."

Althing Debate Follows Address

Reykjavik MORGUNBLADID in Icelandic 17 Apr 86, p 34

[Article: "Unreasonable to Sacrifice Security on the Altar of Uncertainty"]

[Text] The report on foreign affairs of Icelandic Foreign Minister Matthias A. Mathiesen was discussed in an extended meeting of the joint session of the Althing last Tuesday which continued well into the night. The American air attack on Libya was very much a part of the discussion which took place during the day. There follows a report on some of the topics of discussion at the Althing evening meeting.

Ideas and Bombs

Stefan Benediktsson (Social Democratic Alliance, Reykjavik) warned against membership in the European Common Market. Iceland's independence should not be endangered upon the altar of alleged short-term advantages in international trade.

The MP considered the proposal of the Icelandic Minister of Finance on local government affairs, which is subject of final considerations in the lower house of the Althing, as going against the European agreement on independent local communities, which Iceland is a party to.

He asked also about Icelandic membership in the NATO Construction Fund. He thought that such membership entailed the burden of ordering military construction in all NATO countries and is thus double edged.

He asked, and referred to the Atlantic Treaty, whether or not the Icelandic Foreign Minister knew in advance of the United States attack on Libya?

The MP said that the peace which we have enjoyed in the past is more like an armistice than a peace. This circumstances has an indirect, baleful influence upon Western opinion. Ideas have lost color and content. Such circumstances can destroy us, no less than bombs, he said in substance.

Terrorism Menace to the Free World

Prime Minister Steingrimur Hermannsson said that he did not believe that the air attack on Libya would end terrorism and that point of view emerged clearly from the statement by the government on the matter. On the other hand, growing terrorism, which has cost the lives of hundreds of innocent people, is a menace to the democratic world. He cited a number of examples of such terrorism at airports in Europe and elsewhere. Such deeds must stop.

When we discuss a nordic nuclear-free zone, the Prime Minister said in substance, we must bear in mind that the North Atlantic is teeming with nuclear-powered submarines and at the same time is flanked by the military base on the Kola Peninsula, on the border of the nordic countries. Declarations of this sort have not the necessary weight unless there is reciprocity, preferably with the association of both great powers.

The Nordic Countries Are a Nuclear-free Zone

Olafur G. Einarsson, chairman of the Independence Party Althing Delegation, first referred to the statement of the government, which deplored the air attack on Libya and likewise terrorism, which was the reason behind the raid. Later he discussed the cooperation of Nordic countries and proposals for a nordic life science institute in Iceland and proposals for nordic efforts against cancer. He then said a few things on the establishment of a west-nordic development fund with its headquarters in Reykjavik. Finally, he discussed in some detail his views on a nuclear-free zone in the nordic countries (which lack nuclear weapons) and on the meeting on the subject which took place in Copenhagen in November, 1985.

The MP referred to that understanding of the proposal for a nordic nuclear-free zone that it would include not only the nordic nations themselves: Finland, Sweden, Norway, Denmark, the Faroese Islands, Iceland and Greenland have no nuclear weapons, but also to the seas between these countries, that is, the northeastern Atlantic, the North Sea and the Baltic. The Soviet Union is an opponent of such a broad understanding of the proposal, he said, and likewise also the Americans and the British.

The MP thought it "unreasonable to sacrifice those conditions now prevailing (in our part of the world) on the altar of uncertainty. There is too much at stake and too few prospects that a unilateral declaration by the Nordic countries would reduce the threat of a nuclear attack on them." In order for such declarations to be observed there must be reciprocity in this matter between east and west, those parties which move with nuclear weapons through the nordic seas and pile them up on the eastern borders of the nordic countries.

"The Vermin" Should Feed Themselves

Steingrímur J. Sigfússon (People's Alliance, the Eastern Nordurland District) strongly criticized the statement of the government on the air attack on Libya for not being direct enough.

He said that there had been no progress in terms of Icelandic development assistance to poor countries, rather the contrary.

He said that the chapter on Afghanistan in the report of the Icelandic Foreign Minister was "miserable" and said that he hoped that stage trade interests were not speaking there.

He said that the Aukureyri air field could serve as a support field for international flights and that there is no need to think of other possibilities in this area.

The MP then said he was happy with the way in which foodstuffs have been shipped to the garrison forces, which he called in fact "vermin." The Americans at the Keflavik Air base should primarily consume American meat, brought in by themselves. Iceland ought not to connect its trade interests with the presence of the "vermin," neither in the sale of Icelandic meat nor of anything else. The garrison force should be isolated to the greatest possible degree.

The People's Alliance and the Italian Communist Party

Jon Baldvin Hannibalsson (Social Democratic Party, Reykjavik) said in substance that the government has deplored the air attack on Libya and expressed the view that it will not solve the problem of terrorism. There is no reason to comment on that position, as far as that goes. On the other hand, people must realize that democratic nations stand before an unsolved problem, what is to be done about the growing menace of terrorism, which first and foremost affects completely innocent people.

The democratic countries of the world can choose between three possibilities: 1) Political measures, involving recall of ambassadors, severing diplomatic relations etc., 2) Economic Measures, including trade constraints, refusing landing and harbor rights etc, 3) Military measures.

Terrorism is a systematic murder of innocent people to cow world public opinion and Western governments. Examples of such terrorism are extremely numerous. It is not, however, within the power of one country to be the world's policeman.

The MP mentioned four countries which exercise terrorism against their own citizens, in his view. Others house, train and finance terrorists, which act in other countries. There are some who desire to revere scoundrels to avoid being harmed themselves. Examples are too numerous. Coordinated rules governing reactions to terrorism should be established and one should have the courage to follow them.

The MP went on in some detail but came finally to the subject of a comparison between the People's Alliance and the Italian Communist Party, which has taken a position in favor of Italy's membership in NATO. The latter party has drawn the correct conclusions from current realities--and thus concerning the armed colonial power that the Soviet Union is. One of the most respected spokesmen of Danish leftist socialists, who for a while spoke against NATO, has also changed his view to one of support for Western military cooperation. He has recognized clearly that all the talk about unarmed neutrality is nonsense.

If the People's Alliance has the need to accommodate itself to reality in this same way this might eliminate the barriers preventing its collaboration with democratic liberals.

Night Meeting

The discussion on foreign affairs will not be examined further. It continued long into the night and many more spoke than are mentioned here. There is the need to reiterate that we have here only briefly touched on a few major points from many made in the speeches of the MPs in question. Speeches above are given in substance and not literally.

Geir Haarde (Independence Party, Reykjavik) gave his first Althing speech, his "virgin speech," during these discussions. It will be published in its entirety in MORGUNBLADID tomorrow.

The reply of Icelandic Foreign Minister Matthias A. Mathiesen will be printed soon in the Althing pages of the paper.

9857

CSO: 3626/0026

POLITICAL

ICELAND

BASE MEAT IMPORT ISSUE AGAIN IN ALTHING

Reykjavik MORGUNBLADID in Icelandic 17 Apr 86, p 34

[Text] The Americans in the so-called garrison force should feed themselves; should themselves bring what they need into Iceland. They should eat American meat primarily. These were in substance the words of Steingrímur J. Sigfússon (People's Alliance, Eastern Nordurland District) in a discussion of foreign affairs in the Althing last Tuesday.

He said that he was opposed to selling "those vermin," as he termed the garrison forces, Icelandic meat or at all connecting Icelandic trade interests with the presence of the garrison forces in Iceland. It would be best that the garrison forces see to their own needs as much as possible and that they be as isolated as possible while it is in Iceland.

Sigfússon said that the statement of the government on the American attack on Libya was too weak. He said that the chapter in the report of the Icelandic Foreign Minister on Afghanistan was miserable and said that he hoped that our "strange trading interests" in the Soviet Union were not speaking there so that the chapter was curtailed.

9857

CSO: 3626/0028

POLITICAL

ICELAND

BRIEFS

UNIVERSITY GOVERNMENT LEFTIST GAIN--Leftist received 41 percent of votes cast and elected 6 persons, adding one representative, during Student Council elections yesterday. Vaka, the Association of Democratic Students, received 31 percent of the vote and elected 5 persons, the same number that they had before. The Association of Progressives received 19 percent of the vote and elected 2 persons, losing one, and the Association of Humanists received 3 percent of the vote but elected no one. Blank and invalid ballots were 6 percent. Some 4,486 persons were registered to vote and 1,694 voted. The number in the last elections was 1,790. Vaka and the List of Leftists each elected one person in elections to the Haskoli Council. [Text] [Reykjavik MORGUNBLADID in Icelandic 12 Mar 86 p 2] 9857

CSO: 3626/0023

POLITICAL

ITALY

FOREIGN MINISTRY REFORMS REPORTED

Milan IL GIORNALE in Italian 13 Mar 86 p 4

[Text] In order to persuade diplomats to accept the "reform" agreed between top leaders of the Farnesina [location of the Foreign Ministry] and the trade unions, princely payments are planned which are unlikely to escape the axe of treasury minister, Gorla. The first is a big increase in the "home service" pay, which will be as much as doubled for the intermediate career grades. Then there is the promise of a fabulous allowance for "return to service" at home, after an assignment abroad, equal to four times the last monthly payment received. An embassy counselor returning from Tripoli, where he was earning \$10,000 per month with a "hardship post" allowance, would all at once collect \$40,000, that is, 60 million lire: like winning a football pool.

All this is for the entire Farnesina personnel serving abroad: consular employees, secretaries, chauffeurs, persons on detail. Lottery prizes of 20-30 million for everyone, in addition to the increases in "home service" allowances. To offset the widespread bitterness because of the granting of diplomatic status to approximately 1,000 consular employees, 90 percent of the 400 billion in outlays envisaged in the "Ruggiero reform" would be allocated to salaries.

Diplomats' economic sensitivity is very acute because of the enormous and incomprehensible disparity between salaries abroad, already at lordly levels, and the disgracefully low pay collected at home. Change of assignments--4 years at the ministry and 8 in an embassy or consular offices--makes it possible to represent the country in a seemly manner. Saving money abroad is crucial for facing the lean period at home.

In theory the already existing big pay ought to serve for the special "diplomatic" representation expenses required. In reality it is the classical Italian pretext of compensating under the counter someone who can not be appropriately remunerated. The idea of "home service" allowances confirms that practice.

It is precisely the question of pay which is one of the principal causes of the "career crisis" which has impoverished the ranks of the diplomatic service, keeping it at 786 people (26 career ambassadors, 62 ministers of

of class 1, 104 of class 2, 205 embassy counselors, 189 legation counselors, and 200 secretaries), that is 200 under staff. When offered as a prize in a competitive examination, the 25 posts available each year are rarely filled, and never does the number of candidates exceed 300. Last year there were 200, of whom only 60 passed the orals.

They are difficult examinations requiring two languages and a degree in political science, economics, or law, unjustifiably excluding in history and literature graduates. The most talented young persons do not even appear at the Foro Italico [location of the Ministry of Foreign Affairs], preferring private industry, the large economic organizations, and the trade unions.

9772/9190

CSO: 3528/118

POLITICAL

ITALY

BRIEFS

DIPLOMATS PROTEST REFORMS--The "Committee for the National Association of Diplomats" (Andi), the new trade union movement which undertook to represent an extensive group of diplomats' dissatisfaction with the foreign ministry's reform plan, is "raising its strong protest" against that plan's implementation. This is done through two open letters; one, sent to foreign minister, Giulio Andreotti; and the other, to minister of public administration, Remo Gaspari. In the letter to Andreotti, the Andi expresses its strongest opposition to the draft reform plan which provides for the "large-scale introduction of around 1000 members of the staff service into the executive ranks." In view of the gravity of the situation, Andi also decided to turn to Minister Gaspari, for "his demonstrated sensitivity to problems of public administration and his opposition to creating a managerial 'jungle.'" The automatic promotion of about 1000 members of the staff service, and their introduction into the executive ranks, would constitute an "irreversible process which would result in the ministry's being unable to protect the country's interests." Andi, which now has been joined by 250 diplomats, out of about 800, (the great majority belong to the autonomous trade union, Sndmae) is on the point of calling a meeting to establish the form and functions of the association. [Text] [Rome LA REPUBBLICA in Italian 11 Mar 86 p 101] 9772/9190

CSO: 3528/118

MILITARY

DENMARK

DEFENSE MINISTER SEES DOMESTIC ARMS ORDERS FROM NATO COOPERATION

Copenhagen BORSENS NYHEDSMAGASIN in Danish 14 Apr 86 p 14

[Text] Defense Minister Hans Engell (Conservative Party) believes that the European weapons industry should cooperate on large development projects rather than fight about each one individually developing the most advanced systems.

"That will give Danish industry great possibilities as a subcontractor of technically advanced equipment to both Danish and European defense forces," said Hans Engell. "The alternative is that the European weapon industry will end up as subcontractors to American industries."

In the coming years the Danish defense forces will need equipment investments in the billions. Even without an increase in the defense budget the three services will have a budget by 1993 of about 15 billion kroner in new equipment and modernization of existing equipment.

Despite what Defense Minister Hans Engell calls a "moderate level of ambition," and despite Danish weapons laws, Danish industry can look forward to increasing orders in connection with defense expenditures.

"It is clear," said Hans Engell, "that the secondary effect for Danish industry and Danish jobs will weigh heavily. There is increasing political pressure to achieve the greatest possible effect for Danish business."

The secondary effect is partly the orders which Danish companies win in competition with foreign companies--for example within the radar and communications area. In addition there are the projects in which Danish industry participates as coproducer or subcontractor, as in the case of the procurement of the F-16 aircraft.

"These projects have brought technical knowledge to Danish companies which has raised their level considerably," said Hans Engell.

Finally material purchases from abroad include the possibility of compensation agreements--counter purchases--which according to defense purchasing regulations are required with all material procurement over five million kroner.

The largest material procurement in the current agreement period, which runs until the end of 1987, is seven Standard Flex ships at a value of 1.3 billion kroner. The defense plans to invest in one more series. Furthermore the budget for this year sets aside funds for a new helicopter-carrying inspection ship.

Army procurement will include a new hand-carried missile system and control and warning system for close air defense--value: about one billion kroner. And procurement for the Air Force of 12 new F-16 for about 1.3 billion kroner has been started.

"There is an entirely obvious requirement for further investment of billions. The material procurement cash has been frozen for a number of years, and neither the necessary replacement nor modernization has been accomplished," said Hans Engell.

"The material problem has hit a number of European countries, because prices have risen greatly due to technological development. For example an F-16 costs twice as much as its predecessor, and by the end of the century the development of a new model will probably double the cost again."

9287

CSO:3613/112

MILITARY

DENMARK

BRIEFS

COMMITTEE APPROVES PROCUREMENT FUNDS--The Folketing Finance Committee yesterday gave a green light to the defense procurement of equipment with a value of 2.2 billion kroner. Danish activities are guaranteed an optimal degree of coproduction, compensation or counter purchase orders. Two hundred forty-seven million kroner will be used for improvement of 155 mm howitzers, 132 million kroner for TP-61 torpedoes, 122 million kroner for F-16 aircraft and 164 million kroner for Hawk missiles. Furthermore 1.151 billion kroner is earmarked for procurement of hand-held air defense missiles, 340 million kroner for mines and 87 million kroner for a mobile support structure for the Air Force. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 19 Apr 86 p 2] 9287

CSO:3613/112

MILITARY

GREECE

MILITARY'S REPORTED VIEW OF SIDRA GULF AFFAIR

Athens ELEVTHEROTYPIA in Greek 5 Apr 86 p 9

[Article by Spyros Karatzaferis]

[Text] What is behind the surprise ploy (the confrontation between Americans and Libyans) in the Gulf of Sidra? And why did it take place at that particular time?

These are the two chief questions about the conflagration that seemed about to flare up in our part of the world, and we cannot even be sure that in the immediate future we will not have a rekindling of it. These are the two uncertainties that have preoccupied the Greek Pentagon [Ministry of National Defense] and its generals, who by way of reports and analyses have tried to offer some explanations.

I talked with some of them and tried to understand the assessments of the generals on this military action "in the Zone of Death," an action which, in fact, also is a cover for substantial behind-the-scenes political maneuvering. And I found that the Greek Pentagon--informally, if you like--sees the confrontation in the Gulf of Sidra from a point of view different from ours and unfamiliar to us.

The clash between the Americans and Libya was not an unexpected and unforeseen event. It was not a chance incident. The scenario had been written immediately after 27 December 1985, when the terrorist attacks against the airports of Vienna and Rome took place. From that time on, the American Sixth Fleet began to hang about Qadhdhafi's door, to pressure him, to get on his nerves, to play cat and mouse with him, and to wait for the suitable moment to bloody the nose of this lawless leader.

Why, therefore, did the "good-guy" Americans choose to give their "little lesson" to the "bad Indians" just at a time when the leader of American diplomacy, George Shultz, was visiting the countries of the southern wing of NATO--Turkey, Greece, Italy?

Why did they make Qadhdhafi a hero in the Arab world (all the Arab countries supported him), and why, on the surface at least, did they shackle the negotiating power of Shultz with respect to the retention of

the bases in Greece, creating problems at the same time in connection with the operating of the American bases in Turkey and Italy?

At a time when it is clear that with the threats by Qadhdhafi to do damage to the American bases with suicide squads, why did they, theoretically at least, give a powerful argument to Papandreou, Craxi, and Evren for airing complaints and postponing the discussion in Athens on the bases and their retention, with the reasoning: "Here our house is on fire, and with the threats of Qadhdhafi we will not let this problem go until later"?

The assessments of the generals give some answers, which extend from the logical to the...crazy. Since, however, these assessments are made on the basis of certain information unknown to us, even the crazy explanations of the military have some value.

The analyses of the Greek Pentagon concur that the confrontation in the Gulf of Sidra sent certain messages from the American side to various quarters.

Message One: To Gorbachev, who in reacting temperately with the proposal that both fleets leave the area was met with a refusal by Reagan, who intimated that "our interests include this area."

Message Two: To the Arab world, that its king of the hill in this area is the United States. Washington spoke to the Arabs in the eloquent tongue of state terrorism: How is the Soviet Union going to help you? It has 65 warships close to us, and it did not dare to protect its friend.

Message Three (the crazy interpretation that we spoke about above): To the Egyptians, to overthrow President Mubarak, who is certainly pro-American, but has not been able to become the leader of pan-Arabism. They need an "anti-Qadhdhafi," a nationalist, a charismatic person, a demagogue, who can become an idol for the Arabs and at the same time be a reliable pro-American. And for the Americans this person is the number-two man in Egypt, Vice President Gamaz, their friend who has the stamp of the nationalist about him.

And if we recall the recent rebellion of the reserve police officers and the revolt of the airplane pilots just the other day, perhaps even this assessment (and is it only an assessment?) may not be so very crazy.

Let us not forget that Egypt is the second country after Israel in amount of American aid received.

Message Four (which concerns us directly): To Turkey, which must be "persuaded" that "now that Greece is entering into 'calmer waters' in its relations with America," it will be satisfying some of Greece's just demands.

Up to now, the Turks have "persuaded" the Americans that Turkey should benefit to the detriment of "insubordinate" Greece, that "Turkey occupies a more important strategic position than Greece." And the Americans have

been supporting and augmenting the Turkish assertion in order to throw us off the scent.

Thus, now that we have managed to score a point, with...American rectifications, the Americans are to try to persuade the Turks that they need Greece more.

With their ploy in the Gulf of Sidra, they transformed Greece into a country with a prime strategic position. How? The FIR [flight information region] of Libya touches on the FIR of Greece. Consequently, the two together cut off the basin of the eastern Mediterranean from West Europe. With the confrontation in the Gulf of Sidra, the FIR of Libya became dangerous. So, the only contact between the eastern Mediterranean and West Europe occurs solely via the airspace of Greece. So, Greece has taken on an enormous strategic importance. So, we Americans will give it aid, especially since our bases will be staying there.

Besides, the "calmer waters" have immediately yielded "fruits" and the "step by step" improvement in relations has already become a headlong rush.

- In a NATO exercise (of merchant ships of NATO member countries, from 7 to 10 April), for the first time since we returned to the Alliance the leader will be a Greek admiral, despite the vigorous protests of the Turks.

- The Turkish military airplanes that accompanied, as an honor guard, the plane carrying Shultz from Ankara to Athens broke away--and surrendered the honorary escort to Greek planes, to the FIR of Athens, and thus they acknowledged in a "de facto" way the control on the part of Greece over the airspace of the Aegean.

- The Americans are giving us substantial military aid at symbolically low prices. This includes 500 tanks, 30 Phantoms, and 15 A-5's. One tank costs \$2 million, and they are giving it to us for only 30 million drachmas.

- By a single word from him, Shultz again made us a "safe country" for tourism, and starting in May American investments will resume in Greece.

Close to home, solutions to our national-sovereignty issues are also coming (at the Greek Pentagon nobody has any doubts about this now). Soon the issue of Limnos will be settled and the NATO headquarters at Larisa will be in operation, since "Turkey must understand that Qadhdhafi has transformed Greece into a country of prime strategic importance."

12114

CSO: 3521/137

MILITARY

GREECE

MILITARY RAISES SEEN VIOLATING ECONOMIC POLICY

Athens I VRADYNI in Greek 3 Apr 86 p 18

[Text] The administration, violating its own economic policy, submitted a bill yesterday to the Chamber of Deputies which concerns the new pay schedule for military, police, firefighting, and port personnel, on the basis of which an expenditure for the state budget will be generated amounting to 14.4 billion drachmas from the increases involved. Some 55 percent of this differential will be given on 1 July 1986, and the remaining 45 percent will be given starting 1 January 1987, both to active and retired military personnel and policemen.

The bill, which is signed by Premier A. Papandreou himself and the ministers Koutsogiorgos, Tsovolas, and Alexandris, provides that:

In addition to the basic pay, with this bill the following allowances are also being granted:

- 1) A period-of-service allowance, based on the stipulations in Article 9 of Law 1505/1984 (FEK [Government Gazette Issue] 194/A/1984).
- 2) An allowance for adjusting payroll differences, fixed on a monthly basis and by rank as follows: For non-commissioned officers with ranks of sergeant, first sergeant, sergeant major, warrant officer, and corresponding ranks in other services, 4,000 drachmas. For commissioned officers with the rank of second lieutenant only, plus the corresponding rank in other services, 2,000 drachmas.
- 3) A family support allowance, based on the stipulations in Article 11 of Law 1505/1984, calculated at the basic pay of M.K. 24 of the same law.
- 4) A vacation and leave allowance, based on the stipulations in Article 13 of Law 1505/1984.
- 5) An allowance for unhealthy and hazardous working conditions (to those properly entitled to this), based on the stipulations in Article 14 of Law 1505/1984.
- 6) An allowance for uniforms, based on the stipulations of Article 3 of Presidential Decree 904/1978.

7) An allowance for honorable service, based on the stipulations in Article 7 of Law 1135/1981.

8) A hazardous duty allowance (aviation pay, for paratroop jumps, for submarine destruction, a diving allowance for divers and mine-clearance work), to those entitled to these benefits, at the level these have been fixed at the promulgation of the present law.

9) Other general or special benefits, apart from those referred to in the subsequent Article 3, which are being granted to military personnel on the basis of Law 754/1978 and Law 1163/1981, at the level these have been fixed for those entitled to them at the promulgation of the present law.

Of the allowances that the above categories of military and other personnel once had, the following are being rescinded:

1) The interim allowance of one thousand (1,000) drachmas.

2) The temporary personnel allowance of Article 6 of Law 754/1978 and Article 4 of Law 1041/1980.

3) The adjustment money of Decision Number 9019/295/25 January 1982 by the Ministry of Finance, which was validated by Article 55 of Law 1249/1982.

4) The money of the ATA [Automatic Cost of Living Readjustment] that was granted up to 30 April 1984.

5) Allowance to cashiers for errors.

6) The allowance for studies of Article 9 of Law 1135/1981.

12114

CSO: 3521/137

MILITARY

ITALY

ACADEMIES DRAW RECORD NUMBER OF APPLICANTS

1980 Figures Double

Milan IL GIORNALE in Italian 21 Mar 86 p 4

[Article by Guido Azzolini: "Armed Forces: The 'Boom' at the Academies"]

[Text] The year 1985 was the year of the new youth protest; the pacifist offensive; preaching from the pulpits advocating nonpayment of taxes for military expenditures; and 7,300 young draftees declaring themselves to be conscientious objectors. Does a military career still attract Italian youth? To judge from appearances the response should be in the negative. If, on the other hand, we examine the figures, we are compelled to change our opinion and to be surprised: 1985 was in fact a "boom" year, with approximately 161,000 young men applying for admission to a competitive examination for entrance into the regular service--an average 127.2 percent increase over the figure for 1980.

Moreover, this figure of 161,000 did not include several thousand other young men, namely, college graduates in the various disciplines who had made plans to take part in the competitive examinations for direct appointment to officer rank; young conscripts in service who had requested reenlistment with a view to the possibility of subsequently taking the examinations for the "regular" service; and still other young conscripts who had already arranged to take these examinations.

The table [Table 1] which we publish herewith is self-explanatory at first glance. In it we have presented all the data relative to 1980 and to 1983, 1984, and 1985 concerning the positions open to competitive examination and concerning the applications for admission received at all the military educational institutions, ranging from those that train the "cadres" to those that are destined for volunteers from the ranks, who may aspire to the higher military grades under certain conditions. Alongside each pair of numbers (positions open to competitive examination, and applications submitted) is the position-to-candidate ratio: this is the "index of desirability" of the variety of institutions that is made possible by the scope of the choice.

Why did we choose to study the year 1980 and then the years 1983-85? Because until 1980 the annual official figures for the total number of applications

Table 1. The Index of Desirability of the Different Institutions

Institution					% of Applica-
	1980	1983	1984	1985	tions in 1985 comp. with 1980
Military Academy (incl. Carabinieri)	296 1:5 1.488	293 1:8 2.352	313 1:9.5 2.978	265 1:16 4.269	+ 186 %
Military Academy (Carabinieri only)	78 1:12.8 1.003	75 1:19.8 1.489	60 1:24.6 1.478	50 1:42 2.121	+ 111 %
Naval Academy	135 1:7.1 966	171 1:8.4 1.443	125 1:12.5 1.567	115 1:12.6 1.452	+ 50.3 %
Air Force Academy	134 1:21.5 2.586	135 1:21.7 2.937	135 1:24 3.250	135 1:28.8 3.889	+ 50.3 %
Customs Service Academy	40 1:61 2.450	65 1:54.5 3.543	70 1:71 5.000	70 1:75.7 5.300	+ 116 %
Interservice Medical School	48 1:7.2 348	47 1:7.3 346	43 1:4.8 208	43 1:6.9 297	- 14.6 %
Army Noncom- missioned Officers School	1.600 1:3.6 5.800	1.500 1:5.6 8.500	1.500 1:8.3 12.457	900 1:10.7 9.670	+ 66.7 %
Carabinieri Non- commissioned Officers School	1.772 1:2.4 4.393	1.470 1:2.6 3.839	1.430 1:4.2 6.123	1.787 1:6 10.570	+ 144.7 %
Naval Special Corps School	4.200 1:1.3 5.836	4.200 1:1.5 6.561	2.200 1:3.9 8.798	2.200 1:5.8 12.923	+ 121.4 %
Air Force Special School	1.200 1:8.7 10.489	1.250 1:12.8 16.000	1.800 1:8.9 16.071	2.100 1:10.6 22.426	+ 113.8 %
Customs Service Noncommissioned Officers School	587 1:7 4.160	1.050 1:6.1 6.406	1.100 1:8.7 9.605	1.100 1:13 14.312	+ 244 %
Carabinieri School	3.600 1:2.7 9.884	3.600 1:5.2 19.000	6.760 35.750	5.690 1:6 36.430	+ 268 %
Customs Service School	1.639 1:13.5 22.149	1.880 1:11.5 21.778	2.000 1:14.7 29.510	2.400 1:16 39.141	+ 76.7 %
Totals	15.547 1:4.5 70.789	15.661 1:5.9 92.753	17.476 1:7.5 131.311	16.795 1:9.5 160.859	+ 127.2 %

Key: In each box, top figure at left is "Positions open to competitive examination"; bottom figure is "Applications." Figure at right is the ratio.

for admission had not, generally speaking, undergone significant change, remaining at around 70,000. A timid hint at an increase (of approximately 4,000 applications) did occur in the 2-year period 1981-82. A substantial upsurge was recorded in 1983, however, with an increase of approximately 20,000 applications over the figure for the previous year: 1983 thus was the watershed year. At the time, the experts explained the phenomenon as the result of the so-called "Lebanese effect," that is to say, of the interest aroused in our youth by the participation of the Italian Armed Forces in the multinational peacekeeping forces employed in Beirut. However, the repetition--and amplification--of this phenomenon during the succeeding years leads one today to the belief that this was not the only reason for the increase: something is changing in the nation and the military image itself has changed, thereby arousing greater interest.

In 1984, in fact, requests for admission to all the military educational institutions surged even higher, exceeding 131,000; and last year, as we have said, they reached the record figure of 160,859--a figure reminiscent of the prewar period. It would be interesting to make an in-depth analysis of this phenomenon, and we shall have some comments to make further on. Our comments, however, will be limited to that which is strictly necessary, because the purpose of these pages of IL GIORNALE--which are devoted to the military professions--is to provide practical information for young men who are about to choose an activity. Although in the table we have also presented the data relative to all the institutions of military training, for considerations of space we must limit ourselves to discussing the procedures for admission to the academies alone, while indicating--for each of the armed services--the other ways to begin the career of an officer in the regular service.

Army Academy Applications Rise

Milan IL GIORNALE in Italian 21 Mar 86 p 4

[Article by Guido Azzolini: "Two Years of 'University' Study"]

[Text] Among the several armed forces academies, that of the Army--with its astounding 186 percent increase in applications between 1980 and 1985--is experiencing its "golden age." Because in the pursuit of an Army career one must pass other courses and take many other examinations, the Modena institution provides the "basic instruction" for the officers in permanent service in the greater part of the "land" armies and corps: the carabinieri; the infantry, with all its specialties (grenadiers, sharpshooters, Alpine troops, tank drivers, parachute troops, lagoon troops); and the cavalry, artillery, Corps of Engineers, Signal Corps, Transportation Corps, Administrative Corps, and Quartermaster Corps (supply service). From year to year the ratio among the different types of position available in each of the arms, corps, and specialties undergoes a change (albeit limited) in accordance with the foreseeable requirements of the Army; the number of positions open to competitive examination varies likewise (from 313 in 1984 to 265 last year).

Of all the academies, the one in Modena is the one in which the student remains for the shortest period of time: 2 years, with instructors of the university

type and, of course, of the military type. The studies have three different orientations: the carabinieri cadets, and a part of the administrative cadets, pursue a program of studies in law; half of the cadets of the combat branches (infantry, cavalry, artillery, and engineer corps), and the cadets of the Transportation Corps, pursue a program of studies in engineering and in mathematics-data processing; while the other half of the cadets of the combat branches, the cadets of the Quartermaster Corps, and the other half of the administrative cadets pursue a program of studies in economics and business administration. The applicants may of course indicate their own preference or preferences, but the assignment to the various courses of study is made on the basis of the graduated merit list compiled at the conclusion of the competitive examinations and--above all--on the basis of the Army's requirements. At the conclusion of the courses of study those cadets who qualify are appointed to the grade of second lieutenant in the regular service, on condition that they obligate themselves to remain in the army for 8 years. They then take another 2 years of instruction at the Advanced Technical School in Turin (the carabinieri and the Transportation Corps officers take theirs in Rome), from which they graduate as second lieutenants.

Special provisions govern the admission to the Academy of young men from the Naples Military School (the "Nunziatella"), who among other things are given preference over the other candidates for up to 20 percent of the available positions. For them, the results of the medical examination may be "appealed" in the form of a second examination, and on the graduated merit list they are entered on the basis of the overall score on the matriculation examination, whereas the other applicants are entered on the basis of the average of the scores received on the competitive examinations (a written examination on general knowledge and an oral examination in mathematics).

The competition is open to Italian citizens who are physically qualified: among other things, the minimum height requirement is 1.65 meters (1.70 for the carabinieri), and the vision requirement is 10/10 for the cavalry. An applicant must be single or a widower without children, and of good conduct; he must be between 17 and 22 years of age (if a minor, parental consent is required) and must possess one of the following documents: a certificate of matriculation in artistic, classical, or applied arts; a diploma (classical, scientific, or modern) from a European secondary school; or a certificate of matriculation in linguistic, educational, vocational, scientific, or technical studies granted by an institute of agriculture, aeronautics, business administration, industry, surveying, or tourism. The certificates of preference stipulated for admission to public employment are equally valid for these purposes.

Following a medical examination and psychological aptitude test, the applicants take the written examination on general knowledge at the headquarters of the Military Regions (or at Italian embassies or consulates). Those who score 18/30 or better are admitted to the apprenticeship program of 45 days at the Academy; there will be twice as many young men admitted as there are positions open to competitive examination. At the conclusion of this apprenticeship period these applicants must pass the oral examination in mathematics on topics--selected by lot--that relate to the fields of algebra, trigonometry, or geometry.

The graduated merit list is then compiled, and the process continues until all the positions are filled, according to the order of preference indicated by the individual applicant. Similar criteria govern the subsequent assignment to the various fields of study. All those who are accepted must sign up for a 2-year period of military service, and for a 3-year period at the end of the first year. The time spent at the Academy does not count toward the National Service requirement. The cadets pay a small share of their expenses out of their volunteer's pay augmented by the operating allowance; everything else is at government expense.

The competitive examination is also open to those noncommissioned officers who possess the educational qualifications and are not more than 28 years of age; the same procedures apply. If these applicants are admitted into the Academy, they retain the allowances of the grade they held at the time of their admission.

Interservice Medical School

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[Article by Guido Azzolini: "The 'Interservice Medical School' Is Divided Among Three Schools"]

[Text] Created in 1968, the Interservice Medical School is the "youngest" of the institutions of military education. Until a few years ago (but even now) the recruitment of military physicians, pharmacists, and veterinarians was accomplished solely by competitive examination among college graduates. The School is not housed entirely at one site, and its organizational structure is an anomaly vis-a-vis the other academies. The young men are divided into three groups: Army, Navy, and Air Force. The first group is housed at the Army Medical School in Florence (the veterinarians, at the Corps School in Pinerolo); the second group at the Naval Academy in Livorno; and the third group at the AM [Air Force] Advanced Technical School in Florence (or, it is planned, at the Air Force Academy in Pozzuoli). The Army medical cadets, pharmacist cadets, and chemist-pharmacist cadets take the courses at the University of Florence, and the veterinary cadets those at Turin; the Navy medical cadets attend Pisa; and their colleagues of the Air Force are attending the University of Florence for the time being, pending their transfer to the University of Naples. At these institutions the cadets are programmed to earn their degree and professional certification in a maximum of 7 years (medicine and surgery) or 5 years (veterinary medicine, or pharmacy and pharmaceutical chemistry). Each armed service provides for theoretical and practical military instruction. Beginning with the 3d year, the cadets are promoted to officer candidate and receive the allowances of a second lieutenant (or midshipman). After receiving the degree and professional certification and passing examinations in military subjects, the officer candidates are appointed to the grade of first lieutenant (or lieutenant junior grade) in the SPE [Regular Armed Services] and must attend a 6-month technical course.

At this time, the first lieutenants must obligate themselves to remain in the service for 8 years. This obligation is equally binding on those who fail to

pass the technical course, who thereupon transfer to the reserve. Those candidates who do not accept appointment to the grade of first lieutenant in the SPE, with the 8-year obligation, become instead second lieutenants in the reserve with a 6-year obligation. Those who are dismissed from their studies for insufficient diligence, or who fail to earn their degree or certification on schedule, are appointed to the grade of sergeant nurse and must remain in the service for 3 years. This austere set of rules is explained by the fact that all the expenses of the cadets and officer candidates are borne by the state, which in addition remunerates them in accordance with their grade. The state wishes to safeguard its "investment" for at least 8 years and, in any event, wishes to discourage utilitarian choices.

The annual competitive examination is open to young men from 19 to 23 years of age who are single or widowers without children and hold an academic diploma valid for enrollment in the disciplines of medicine, veterinary medicine, and pharmaceutical chemistry and technology. The applicants' physical fitness and psychological aptitude is checked by each of the three armed services before the written examination, which covers subject matter of general knowledge relating to literature, history, or geography at the secondary-school level. There is also an oral examination on scientific subjects (physics, chemistry, biology) and an optional examination in languages. These competitive examinations are also open to noncommissioned officers in the diplomatic service who are not more than 27 years of age.

Customs Service Academy

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[Article by Guido Azzolini: "The New 'Yellow Pennants' Are Almost Businessmen"]

[Text] After moving 2 years ago from Rome to a modern building constructed for the purpose in Bergamo, the Customs Service Academy is--2 years later--now graduating second lieutenants in the regular service of the Corps. The course of study includes subjects in the fields of economics, law, and business economics. In a follow-up 2-year period--also spent at the Academy--the second lieutenants take postgraduate theoretical and practical studies relating to the system of taxation and the institutional tasks of the Corps. Military training accompanies this academic preparation, and the examinations thus passed are valid for a subsequent degree in law, political science, or business economics. The requirements for admission are: age, 18 to 23 years; a Grade II or teacher-training secondary-school diploma; and good conduct. The applicant must be single or a widower, and in any case without children. He must pass a medical examination; a psychotechnical examination; a physical education test; oral examinations in history, geography, arithmetic, algebra, and geometry, together with a written test of general knowledge. A Customs Service officer may become a helicopter pilot or commander of a coast guard vessel, or may specialize in data processing and business machine operation.

In the Academy, moreover, a noncommissioned officer can become an officer in the regular service: in these cases the age limit is higher (33 years), and

the educational qualifications must be met. A warrant officer who is not more than 40 years of age may, however, become a second lieutenant after passing written and oral examinations and completing a 1-year course. Until 2 years ago, reserve officers of the Customs Service could not enter the Regular Service; in 1984, however (and it appears that the experiment will be repeated) a special competitive examination was announced for 50 positions; it was open to reserve officers of the Corps who were on leave of absence, provided they held a college degree and met certain other requirements.

Carabinieri Career Popular

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[Article by Guido Azzolini: "Three Ways To Go: Carabinieri, Reserve, Direct Appointment"]

[Text] One observation should be made with respect to the Military Academy in Modena. The number of those who apply to enter the Academy in order to become officers in the carabinieri continues to increase, year after year. In the table [Table 1] we have tried to show this "phenomenon within a phenomenon," which probably deserves extensive comment. Suffice it to consider that in 1985 half of the candidates at the Academy requested assignment to the "Worthy Arm" as their first choice, representing an increase of 111 percent over the figure for 5 years before and a ratio of 42 applicants for every position available--double the figure for 1984. If one examines the other data--data relative to the applications to the carabinieri noncommissioned officers school and to the school for carabinieri cadets, which recorded increases, respectively, of 144.7 percent and 268 percent (the latter figure an absolute record) over the corresponding figures for 1980--one will have an idea of the aura of esteem that surrounds the "Worthy Arm." Confirmation of this phenomenon, moreover, is apparent from the courses for reserve officer cadets, during which a very large number of young men are asking to take the examinations that will enable them to transfer to the carabinieri and perform there the service attendant on the original appointment.

"Direct Appointment" of Army Officers

As also occurs in the case of the other two armed services, the Army likewise recruits regular-list officers for some of its corps from among college graduates and--as we shall see--from among engineering students. In the former case, those who are successful in the competitive examination are appointed to the grade of first lieutenant, and in the latter case to the grade of second lieutenant. This system of admissions is used for the technical corps, the Quartermaster Corps, the Medical Corps (physicians and pharmacists), and the Veterinary Corps. The winners in the competition--based on qualifications and on examinations--must obligate themselves to remain in the service for 8 years. The degree required for becoming a first lieutenant in the technical corps is one of the scientific degrees or one of the various engineering degrees; to become a second lieutenant the applicant need only have successfully completed the 2-year engineering course of study and, naturally, have been successful in the competitive examination for admission, in which case the advanced studies will be taken at the Turin School of Engineering.

The age limit for the former category is 26 years; for the latter, 30 years. In the case of the Quartermaster Corps, the physicians, the pharmacists, and the veterinarians the age limit is 32 years, and the applicant must have the baccalaureate (and in the case of the Medical Corps, the professional certification). For the Quartermaster Corps, a degree in law, business economics, or chemistry is required. This system of officer recruitment--called the "direct appointment" system--yields the Army approximately 80 officers per year.

From the Army Reserve Into the Regular Army

Officers in the Army Reserve may also become officers in the Regular Army. This occurs after the applicant has successfully taken competitive examinations that qualify him for transfer to the special list, which offers a career up to the grade of colonel. This route is also open to noncommissioned officers who hold a diploma from an institution of higher education. The starting grade is that of second lieutenant. To be able to participate in the competitive examination for the special list, however, the applicant must have completed a certain period of time in service, achieved through the medium of reenlistments. Accordingly, first lieutenants in the reserve who take these examinations and are approved are paradoxically taking a step backwards and becoming second lieutenants. Many reenlisted reserve officers are therefore choosing to reenlist again and to continue--without taking any examinations--until they attain the grade of lieutenant colonel; these officers are included on the "fulfillment of contract" list. These two lists comprise the majority of Army officers in service in the middle grades. The tendency is to limit reenlistments above a certain grade and to augment the special list.

Military Careers Increasingly Attractive

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[Article by Guido Azzolini: "Not Just for the Sake of a Job"]

[Text] The explanation that many advance for the upsurge in the popularity of the military as a vocation--in a country that is not militaristic and has only a limited military tradition--is youth unemployment. By way of additional proof, they say that most of the candidates for a military career come from the less prosperous regions and from the less affluent classes of society; they also point out that the corps most sought after--based on the number of requests for admission--are those responsible for maintaining public order, which are better remunerated than the others.

These observations are not entirely unfounded, especially as regards a substantial number of the candidates for the bottom rungs of the military ladder. Nonetheless, the prospect of "job security," even in these cases, is almost always accompanied--to a greater or lesser degree--by other motivations, often idealistic, that are revealed by the interviews and tests to which the candidates are subjected. For years their geographical provenance had maintained the same proportions: 50 percent from the South and the islands, 35 percent from the Center, and 15 percent from the North. For some time now this composition has been changing, tending toward parity among the three groups. This process is taking place more rapidly in the academies: in 1982, for example, geographical equilibrium had already been achieved at the Naval Academy.

Younger and Younger

Another indication of the sincerity of these vocations--one that is still evident, especially at the Academies--is the fact that the social background of the applicants is becoming increasingly diversified. No longer do the sons of the military and the sons of government employees predominate; there is now a substantial presence of the sons of manufacturers, professionals, businessmen, and even landed estate owners (at Modena, as late as 1982, there were still only nine in this category).

Moreover, the age of the applicants is tending increasingly to approach the minimum age for participation in the competitive examinations, leading to the belief that the "military option" is increasingly a genuine vocation and that it is no longer--as was often the case several years ago--a "second choice" made only after unhappy university (or secondary school) experiences or painful periods of unemployment.

These considerations aside, it should be noted that youth unemployment and the economic crisis have been a serious problem for many years now, and it is difficult to explain why only now so many young men are all at once considering a military career as the solution to their employment problems--all the more so because it is well known that the competitive examinations for the military are more difficult than so many others in the public sector (consider, for example, the indispensable requirement of psychophysical fitness, which is rigorously tested); and also because it is only too well known that these little stars, earned with great effort, do not make one rich and, moreover, entail personal and family hardships; physical and intellectual sacrifices; restraints; evaluations; age limits lower than those for any other government career; dangers; responsibilities; repeated studies and examinations; periodic checks on physical fitness; exclusions because one has reached the age limit in the various grades, and so on: in short, a career more "servitude" than "grandeur."

A Return to Seriousness

How, then, are we to explain so many military vocations? This is, of course, not the place for a sociological survey; but ever since the statistics relating to the "military boom" were brought to light, these vocations have been perhaps the only "quantifying" element--please excuse the expression--of the "reversion to seriousness" now taking place in the real Italy and, in particular, in many young men, who see in the military institutions certain values that have elsewhere been abated or forgotten: fatherland, social commitment, the assumption of responsibility, professionalism, a spirit of service, respect for the rules, altruism, a sense of the state and of one's own state, and loyalty. All of this, in a deteriorating and incomplete context such as that displayed by the "legal Italy."

Lastly, one must take into account the desire for an active life--and the spirit of adventure--that reach their peak in one's youth, together with something akin to a sense of transnational projection. All these feelings attained maturity with the observation of what the Armed Forces have done in recent years both at home and abroad, beginning with their repeated actions to help

the community in the aftermath of natural disasters, and concluding with the by now numerous events in which they have been involved on the international scene--events which have served to "deprovincialize" them. In short, the image of the military man in Italy has changed.

Those Who Leave

Taken as a whole, the elements we have cited also tend to reinforce another phenomenon that might appear to have a negative impact on the Armed Forces but that is basically positive for the nation. We refer to the behavior of those who intend their stay in the armed forces to be an interval of serious preparation for other activities to be undertaken in civilian life, following the period of obligatory commitment to the State. This occurs in the case of technicians in the fields of electronics, communications, and data processing; pilots; engineers in all fields; physicians; tax experts from the Customs Service; and so forth. These departures, however, should also be viewed in connection with the pyramidal structure of the military establishment; for if on the one hand they create special problems for the armed forces, they also smooth the way for those who remain. In any event, those who leave of their own volition do so in order to enter responsible and demanding occupations. Even these defections amount essentially to an acknowledgment of good service performed by the armed forces, which have provided training, education, and experience for those who have submitted their resignations. And these men are duly appreciated in the world of work and production, which for years has had to contend with the shortcomings and diffuse approximations of Italian public education.

Requirements for Naval Officer Candidates

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[Article by Guido Azzolini: "One Enters the Navy From the Livorno Academy"]

[Text] The Naval Academy in Livorno is the obligatory transit point for the officers of all the corps of the Navy (except for the Single Corps of Specialists): the General Staff, Naval Corps of Engineers, Naval Combat Branches, Medical Corps, Quartermaster Corps, Harbor Offices, and the regular, special, and reserve lists. One can be entered on the regular list with a diploma or baccalaureate for courses of study that differ in duration: 4 years for the General Staff, Naval Corps of Engineers, and Naval Combat Branches, and 6 years for the physicians, with a diploma from a higher secondary school (concerning the physicians, see the accompanying article on the Interforce Medical Service Academy); 8 months for college graduates who wish to become officers in the Naval Corps of Engineers, Naval Combat Branches, Quartermaster Corps, Medical Corps (pharmacists), and Harbor Offices.

Regular List

A. Courses of Study for the General Staff, Naval Corps of Engineers, and Naval Combat Branches

The cadets of these three corps are grouped together, year by year, in the same course of study, which requires 4 years and gradually becomes differentiated according to the individual corps. The first 2 years, however, are for everyone equivalent to the 2-year engineering course, integrated with the military and professional disciplines. Each academic year is rounded out with a cruise. At the end of the 2d-year cruise, those who advance are appointed to the grade of midshipman candidate, and at the end of the 3d year to that of midshipman. The last 2 years are characterized principally by instruction in technical and professional subjects; for the Naval Corps of Engineers and Naval Combat Branches the last 2 years are equivalent to the 3d year of engineering, and--with the addition of certain supplementary examinations--the same holds true for the General Staff.

The midshipmen of the latter corps may on request--after graduating from the Academy and passing a preflight course--travel to the United States to obtain their naval pilot's license. Their colleagues of the other two corps are sent to the Universities of Pisa, Genoa, Trieste, and Naples to obtain degrees in naval and mechanical engineering and in electronics, electrotechnology, and chemistry.

Procedures for the Competitive Examination

At the Academy, the applicants take a medical examination and aptitude tests. Those who qualify remain there in apprenticeship status for 40 days, during which period character tests are administered and classes in mathematics are conducted to bring their level of preparation up to that required by the examination program. The examinations consist of an Italian language component and oral examinations in mathematics and a foreign language (optional). Those who pass are classified on a graduated merit list and are only then subdivided among the three corps, giving consideration--insofar as possible--to individual preferences.

Prerequisites for the Competitive Examination

The young men must be no more than 22 years of age on 31 December of the year in which the competitive examination is given. They must be unmarried, or widowers without children; must have a physical development and psychophysical fitness that are adapted to life at sea; must prove to be of good conduct; and must have a diploma of matriculation in a classical or scientific curriculum (may be from a European school) or a diploma from a technical institute (with a field of study that relates to the corps in question).

For the first 2 years subsistence is provided free of charge, and the cadets receive an allowance--half of which is placed on deposit--for ordinary and extraordinary expenses. The allowance is discontinued for those who are repeating a course (which can be done for only 1 academic year, and examinations may be repeated in no more than three subjects). Upon appointment as midshipman candidate, the student officer begins to receive a midshipman's pay, from which an amount is withheld to defray the expenses of subsistence, both ordinary and extraordinary. After appointment to the grade of midshipman he pays his own expenses.

Upon promotion to the 2d year at the Academy, the student officer must sign up for 6 years in the Navy; upon appointment to the grade of midshipman he must sign up for a new 6-year period of service.

B. Naval Corps of Engineers, Naval Combat Branches, Medical Corps (Pharmacists), Quartermaster Corps, and Harbor Offices

The competitive examinations for holders of the baccalaureate who agree to enter the regular list of these five corps "by direct appointment" involve a medical examination, psychological aptitude tests, and examinations that bear on the subject matter of the respective degrees. The winners are appointed to the grade of lieutenant (jg) (equivalent to first lieutenant in the other armed forces), whereupon they take 8-month courses at the Academy in the disciplines that relate to the functions of the respective corps. Then, following a training cruise, they are assigned their destination, which will be either aboard ship or on land.

The age limit for admission varies, according to the degree held by the applicant and his civilian status. The degrees required are: for the Naval Corps of Engineers, naval and mechanical engineering; for the Naval Combat Branches, electronics, engineering, electrotechnology, and chemistry; for the Medical Corps, pharmacy or chemistry, and pharmaceutical technology; for the Quartermaster Corps, one of the following: business economics, law, political science, colonial science, management science, economic science or banking economics, the science of food preparation, statistical and actuarial science or statistical and economic science, or maritime economic science; and for the Harbor Offices, business economics, law, maritime economic science, political science, physics, engineering (various fields), mathematics, and nautical disciplines.

Special List

Up to the grade of captain (colonel), the special list is open by competitive examination to reserve officers of all the corps (except the medical corps) who are secondary school graduates and have completed their National Service obligation or who are college graduates and have completed 3 months of service; and it is similarly open, through the grade of lieutenant commander (major), to petty officers who belong to the Single Corps of Specialists of the Navy and hold a diploma from a higher secondary school.

Air Force Officer Candidates

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[Article by Guido Azzolini: "Navigators: Something New in the Air Force"]

[Text] Before describing the courses of study pursued at the Air Force Academy, we should note briefly how the Air Force obtains its officers. There are four corps: the Air Force Combat Arm, Air Force Corps of Engineers, Air Force Quartermaster Corps, and Air Force Medical Corps. The officers of the Air Force Combat Arm are divided into two lists: the flight list (which

includes pilots and soon will include navigators) and the service list. The Air Force Corps of Engineers has four lists: engineers, chemists, physicists, and technical assistants. The Quartermaster Corps has a service list, strictly speaking, and an administrative list. The Medical Corps has only one list: that of the physicians. It should be added that the officers in the SPE of the Air Force also belong either to the regular list or to the special list. The regular list includes those who enter by way of the Academy or "ad hoc" competitive examinations, whereas those who come from the reserve (also by competitive examination) are entered on the special list and are eligible to attain the grade of colonel.

Having completed this introduction, let us see how one enters the Academy pursuant to the announcement of the competitive examination, valid until 23 March. Two new courses of study are being offered this year: a course for eight officer cadets on the service list (which had heretofore been made up exclusively of former pilots and officers who passed from the reserves to the regular list or special list by competitive examination), and a course for 20 navigators--a figure made necessary by the entry into service of the new and supersophisticated "Tornado," the flying of which cannot be entrusted to the pilot alone. Just as the preceding ones, the 1986-87 examination is of course directed primarily toward the engineer cadets and pilot cadets, whose numbers this year have been reduced slightly to make room for the navigators.

The applicants who take the examination undergo the following routine: verification of the psychological and physiological requirements for each list; and following this initial selection, a written test in Italian composition and an oral test in mathematics. Those who qualify are successively subjected--over a period of 2 weeks--to a series of psychological aptitude tests. One can compete for admission to more than one list; in this case there are special rules concerning the written and oral tests. Admission to the courses is achieved on the basis of separate graduated merit lists, and for a certain period (which varies according to the list in question) is considered to be probationary.

To participate in the competitive examination, one must be an Italian citizen; be at least 17 years of age (with parental consent) but not more than 22; be single or a widower, and childless; be of good conduct; and be "from a family of unsullied good name"; he must not have been rejected during the physical examination for compulsory military service, and must never have been expelled from any state institution. He must have one of these educational qualifications: a certificate of matriculation in classical, scientific, vocational, or artistic studies; a diploma in accounting (various specializations) or in business administration; a vocational certificate of matriculation as executive secretary, accountant-analyst, or business manager; a certificate of proficiency, from an industrial technical institute or agricultural, nautical, or surveying institute, as a technical expert in aeronautics, tourism, or business; a diploma from a European secondary school; or a certificate of matriculation in art studies. For the Air Force Corps of Engineers, the certificate of teaching proficiency--supplemented by the annual course provided for in Law No 910, 11 December 1969--is accepted.

The course of study for the flight list lasts 3 years, plus 1 year of advanced study. In the first year the student receives a pilot's or navigator's license; those who do not are relieved of authority. There are two examination sessions. Upon passing the 2d-year examinations the student is promoted to aviation cadet, with the pay of a second lieutenant. At this juncture the student must sign up for a period of 14 years. Appointment to the grade of second lieutenant comes in the 4th year, at which time the student must attend an advanced course. If during the 2d or 3d year the cadet becomes unfit to hold the license of pilot or military navigator, he may transfer to the service list, remaining in the SPE. In this case the student will continue the same course with the same programs, but without the flying lessons and with the addition of those subjects appropriate to the service list. The cadets and officer candidates may themselves also request transfer to the engineers' list.

The cadets of the service list must assume the continuing flight obligation, and upon promotion to aviation cadet must assume the obligation to remain in the service for 8 years. The appointment to second lieutenant comes at the end of the 3d year.

The engineer cadets must also assume the continuing flight obligation, and upon receiving their degree must sign up for another 6 years. Their course of study lasts 5 years; the first 2-year period is the engineering curriculum, supplemented by military subjects, followed by a 3-year period of technical studies at a university or school of engineering chosen by the Ministry of Defense, which also prescribes the field of study after taking into consideration the wishes of the interested parties. A cadet who fails to pass the 1st-year program is assigned to the technical assistant list, with the obligation of performing the service entailed by an original appointment as second lieutenant of the reserve. Upon receipt of the degree the engineers are promoted to first lieutenant. One year may be repeated, and those second lieutenants who in spite of this provision fail to complete their studies are transferred to the technical assistant list with the obligation to remain in the service for an additional 6 years.

The tendency is to train at the Academy--by means of courses analogous to those described above--the officers in the SPE of all the corps of the Air Force (except for the Medical Corps). As has been noted, at the present time these officers either come from the reserve or are recruited by competitive examination from among college graduates.

As regards the reserve, it is important to point out one particularity with respect to the officer cadet pilots. Unlike their colleagues of the other armed forces and the other lists of the Air Force--who remain in active service for 15 months (18 in the Navy)--they must obligate themselves for 5 years. The course for AUC [Reserve Officer Cadet] pilots lasts 18 months (four at the Air Force Academy and 14 at the flight schools), and the period of service entailed by the original appointment 42 months. The length of the latter period is explained by the high cost of the training. As officers, these pilots can apply for transfer to the special list. After the 5-year period of service, however, many of them go into civil aviation.

Military Pay, Benefits

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[Article by Guido Azzolini: "Case by Case: So Many Allowances"]

[Text] It is not easy to summarize the topic of the various forms of remuneration and pensions for military personnel--pensions which vary not only on the basis of grade, seniority, and civilian status but also on the basis of one's job. Generally speaking, one must add to the civil service salaries a variable sum, proportionate to the basic operating allowance, which is intended--as stated in the law of 23 March 1983--"as compensation for the risk, hardships, and responsibilities connected with the diverse job situations attendant on military service."

This basic operating allowance is, however, replaced by other types of allowance linked to certain special activities or working conditions, as for example the field allowance; travel pay; aerial navigation pay; flight pay; airspace control pay; pay allowances for submarine crewmen on sea duty and operational readiness; pay allowances for landing troops, amphibious units, and underwater raiders; naval command pay; and pay allowances for emergency air rescue operations, for test pilots and flight instructors, for cadets, and so forth. Carabinieri and Customs Service personnel receive a pay allowance "for institutional service." It is a casebook that is very complicated, and from the standpoint of pensions as well. The special allowances are either commensurate with the basic allowance or are established in appropriate tables.

The basic allowance ranges from 100,000 lire to 200,000 lire gross per month; the others, from tens of thousands to hundreds of thousands of lire. As of 1 July of this year the amount of the operating allowance will be increased by 20 percent. Some indication of the remuneration can, however, be derived from the accompanying table [Table 2]. The salaries listed in the table should be regarded as "net take-home pay," i.e., as including the basic operating allowance, the special supplementary (contingency) allowance, and family allowances, but minus the deductions for social security, public assistance, and IRPEF. The figures shown refer to average cases of seniority in grade, with a family burden of one spouse and one child.

As for the monetary amounts of the pensions, they are tied to the period of regular service rendered at the so-called "pensionable base" pay (which is equal to the most recent salary received, plus the operating job allowance) at the time of discharge.

In the general picture presented above, the pension is equal to 44 percent of the "pensionable base" for 20 years of service; to this percentage is added 1.80 percent for each additional year of service until the figure of 80 percent of the "pensionable base" is reached for 40 (or more) years of service. To this figure must be added the amount of the special supplementary allowance (cost of living allowance), which--as is known--varies periodically and is established by decree.

Table 2. Here Are the Salaries:

<u>Grade</u>	<u>Net Take-Home Pay</u> <u>(in lire)</u>
Lieutenant General	2,700,000
Major General	2,300,000
Brigadier General	2,100,000
Colonel	1,900,000
Lieutenant Colonel	1,600,000
Major	1,450,000
Captain	1,360,000
First Lieutenant	1,160,000
Second Lieutenant	1,080,000
Chief Warrant Officer	1,500,000
Senior Warrant Officer	1,442,000
Warrant Officer	1,327,000
Warrant Officer (jg)	1,263,000
Master Sergeant	1,120,000
Sergeant	1,080,000

10992

CSO: 3528/114

ECONOMIC

FRANCE

LIKELY ECONOMIC REFORMS ENUMERATED

Timetable for Reforms

Paris L'USINE NOUVELLE in French 17 Apr 86 p 61

[Article by Francois Roche]

[Text] Jacques Chirac's and Edouard Balladur's economic plan is becoming clearer as the days pass. The general framework of the new policy was already known. It remained to establish a timetable and priorities. That has been done. The government's work plan through the end of the year comprises two major stages.

Before summer:

1. The publication of decrees dealing with the relaxing of price controls, fixed-term labor contracts, temporary labor, part-time labor, participation by wage earners, the employment of young people--including in particular an exemption from part of the social welfare contributions payable by employers--and, lastly, privatization and the procedures for carrying it out.
2. Presentation of an amended budget aimed at supplementing appropriations considered inadequate and effecting a number of savings totaling approximately 10 billion francs. The bill will also include a reform of the tax system as applied to savings and lay down the conditions for a tax and customs amnesty aimed at encouraging the return of capital to France.
3. Presentation of a bill easing the effects of the government authorization required for layoffs and revising employment thresholds.
4. Presentation of a bill on the economic and social recovery of the overseas departments and territories.
5. Presentation of a bill on the development of property investment and access by lower-income groups to property ownership.
6. Presentation of a bill on communications to organize in particular the privatization of part of the current state-run radio and television service.

Thus, for:

1. A bill to improve relations between citizens and the tax and customs authorities. This is an important project that might succeed in particular in reversing the burden of proof in tax and customs matters. The government's plan is to end up with a genuine taxpayer's charter.
2. A recasting of the law on competition and, in particular, the establishment of a reform commission on competition.
3. A Finance bill for 1987 which the prime minister has called an "essential element in the government's economic strategy" and which is to result in a lowering of compulsory deductions.
4. A new program planning law for military equipment.

One priority emerges clearly from the above-mentioned program: the privatization of nationalized firms. That is the main theme of the enabling law covering the decrees in question (four articles out of eight) that will be submitted on 22 April. It will not be promulgated before June, according to Alain Juppe himself. This means that the first steps will be taken during the summer. As soon as the enabling law is promulgated, chairmen of the enterprises in question will be appointed by decree. Their mission will be to organize the privatization of their capital. The financial methods that may be used for that purpose are discussed in detail in the article below.

Between now and then, the pressing need will be to maintain budgetary equilibrium. The state's assumption of responsibility for part of the social welfare contributions of those enterprises that hire young people will increase expenditures by between 4 billion and 5 billion francs. Hence the government's extreme caution in drawing up the two bills that will put its intentions into concrete form: the supplementary budget bill for 1986 and the 1987 Finance law. The odds are that the conclusions by Renaud de la Geniere, former governor of the Bank of France, concerning the real state of France's finances will show that the situation does not lend itself to laxity.

Even before his conclusions were known, the budget deficit for 1986 was being estimated at 100 billion francs instead of the 145 billion forecast, and it may turn out to exceed 100 billion. The objective of Edouard Balladur and Alain Juppe is to eliminate that deficit within 3 years. They are already introducing a stringent program of cutbacks (10 billion francs in 1986 and at least 20 billion in 1987). In such conditions, it is hardly reasonable to expect the tax burden on households and businesses to drop significantly in 1986. In his statement of general policy, Jacques Chirac did refer to his objective of reducing compulsory deductions, but he can do so by playing with compulsory after-tax taxes.

As far as the firms are concerned, the authority being demonstrated by the government in matters of public finance in paying an effort that is somewhat surprising to business in the business community: tax incentives for investment are no longer the order of the day. Except in the Ministry of Finance and

29 May 1986

Finance feel that those incentives did not really have a significant effect in the past. They feel that the relaxing of layoff procedures, the reduction in social welfare contributions, the relaxing of foreign exchange controls, the gradual elimination of price controls, and lower interest rates are adequate incentives for investment without the need to add tax provisions.

Privatization Procedure

Paris L'USINE NOUVELLE in French 17 Apr 86 pp 61-62

[Article by Marie-Jeanne Pasquette]

[Text] On Tuesday 22 April, Edouard Balladur, minister of economy, finance, and privatization, will present the enabling law authorizing the government to transfer shares in enterprises in the public sector to the private sector. The text of that law, which establishes the guidelines for privatization, will apply to all enterprises in that distinct sector, regardless of the date on which they were nationalized, during a period of 5 years.

The principle of privatization is well established. It will probably occur before September in the case of at least one finance company (PARIBAS is a likely possibility) and three industrial groups, the possible candidates being--in this order--the General Electric Company, Saint-Gobain, and Rhone-Poulenc, whose chairman, Loik Le Floch-Prigent, has not concealed his support for privatization and has even appraised his company at 12 billion francs.

Transfers of shares belonging to the state and exchanges or issues of securities--every solution is being considered. To begin with, converting the participating securities and investment certificates issued by nationalized enterprises (comparable to preferred stock, but without voting rights) into full shares would provide a simple means of opening up as much as 25 percent of the capital of some of those enterprises. A minor revision of the law of 3 January 1983, which authorized the issue of participating securities and investment certificates, would make that possible. Rhone-Poulenc, for example, which issued both investment certificates and participating securities in 1984 and 1985, might see just under 20 percent of its capital returned to the private sector. Saint-Gobain is in the same situation. And Thomson would be partially privatized if the holders of its participating securities (worth 1.2 billion francs) were offered the possibility of exchanging those securities for shares of stock.

That "soft" approach to privatization would have the advantage in the early stages of not presenting certain problems. In particular, it would avoid the question of whether the Paris financial market is capable of absorbing securities held by the state or issued to raise new capital.

Would the Paris Stock Exchange, whose capitalization is approaching 700 billion francs, be able to come up with the some 150 billion or 200 billion additional francs required for taking over the nationalized companies from the state? If the privatization program is carried through to its conclusion, from 20 billion to 40 billion francs will have to be found every year for

years. Those are minimum figures, because they make no allowance for the new appetite for equity that certain undercapitalized denationalized firms are going to express. Compared to the volume of new share issues noted in 1985 (68 billion francs), the effort being urged upon investors is a sizable one. But the government has planned a number of measures to be adopted before autumn that will facilitate the placing of securities on the market.

The tax reform in connection with savings moves in that direction. It will tax shares at a lower rate than bonds. At present, bond income is subject to a 28-percent levy deducted at the source, whereas stock dividends, even allowing for the 50-percent tax credit, are taxed at a higher rate. Reducing the tax on income from capital could be done in several ways. The tax credit, for example, could be raised to 100 percent. Another formula would make it possible to set the maximum tax levy applied to dividends at a rate close to the compulsory levy on bonds. It is not out of the question that the levy on bonds will be raised to offset the difference. If that happened, the movement of savings from the bond market to the stock market would help make privatization easier.

Another measure announced to the National Assembly by the prime minister is the tax and customs amnesty. In all likelihood, that move will bring an influx of new capital into French markets--capital that had crossed the frontier in 1981, but also sums invested anonymously in gold. At present, such capital cannot reappear without its owner being charged with tax evasion and subjected to both tax and criminal penalties. A member of the General Company's management says that of the 350 billion to 400 billion francs being held in the form of gold by French households, 10 percent might reemerge as a result of the amnesty, thus making about 40 billion francs available on the financial markets.

If wage earners are given the opportunity to buy stock in their firms, as the prime minister has promised that they will be, that may also provide a means of privatization. Amendment of the law of July 1984, which lays down the legal and tax rules by which a firm can be taken over by its wage earners (a process known as RES), is not out of the question. The current system can easily be applied to small firms, but resuscitating the public sector by transferring subsidiaries of nationalized groups to their wage earning staffs, for example, is scarcely conceivable under the current mechanism.

"The big transfers that are to be made--on the order of from 50 million to 200 million francs--are ruled out," says Gerard Worms, deputy general manager of the Caisse d'Allocations Familiales. "A second level would have to be created." That second level would, for example, allow profits from the repurchased firm to go back to the holding company set up to purchase it. By authorizing a repurchase tax structure for both structures, and if the state does not decide in priori that the purchasers own a majority share of the holding company's capital, a solution can be found. Once again, the demands of privatization may make that type of amendment to the law of July 1984 essential.

Ten Industrial Groups To Be Privatized

Firm	Turnover(1)	State-owned share of capital (%)	1985 profit(1)	Net assets at the end of 1984(1)	Estimated privatization value(1)
Bull	16.1	95	+0.11	1.2	3.8
CGCT	2.8	100	-0.2	-	-
CGE	78.5	100	+1.0	7.0	10.8
Dassault	16.4	46	+0.43	2.8	14.5
Elf	180.7	67	+5.3	43.5	23.3
MATRA	14.5	51	+0.07	1.7	3.3
Pechiney	36.0	82	+0.75	8.4	4.0
Rhone-Poulenc	56.1	91	+2.3	9.9	19.8
Saint-Gobain	66.7	100	+0.75	10.8	11.8
Thomson	59.0	100	+0.45	2.8	9.9

(1) In billions of francs.

What is the value of the industrial groups that will be sold to the private sector over the next 5 years? The value of net assets, based on results for fiscal 1984 and shown in the table above, provides a rough estimate. But it is inadequate. Another method of valuation has been chosen. In the case of companies listed on the stock exchange (MATRA, Dassault, and Elf), the share price multiplied by the company's total number of shares provides an estimated privatization value. In the case of the CGE, its profit for 1985 multiplied by the PER* for Siemens--the European leader in the same industry and therefore comparable--provides a satisfactory approximation. The same calculation is applied to Bull, using the PER for Nixdorf. The value of each of the other groups was estimated by multiplying its net profit for 1985 by the average PER for its sphere of activity as noted in LE NOUVEL ECONOMISTE on 25 March 1986.

*PER = price-earnings ratio; that is, the current value of the company's shares divided by its most recent known profit.

Technically, the process of denationalization should sweep every legal and tax obstacle it encounters out of its path. But other problems arise. For example, how can foreign investors be prevented from gaining control of French industrial groups? That is the problem. Siemens, the number one electrical engineering firm in Europe, is sitting on an equity cushion of 150 billion francs and is known to be observing Thomson and the CGE with interest, those being groups whose activities complement those of the German firm in some respects. The government has been reassuring on this point.

The plans included in the RPR-UDF election platform ruled out the possibility of allowing foreign groups to acquire more than 20 percent of the capital of firms subject to denationalization. That goal seemed easily achievable in theory. But once in power, the departments under Camille Cabana, the new minister of privatization, realized that achieving it would require creating an effective mechanism for locking them out. Studies seem to be moving toward

a legal provision called the "golden share," which would make it possible to monitor the arrival of foreign investors. In the capital of each company, the state would keep at least one share giving it certain rights for a period limited to a few years. In particular, it could reject the transfer of certain assets or even choose the nationality of the director. That formula, which comes from Great Britain (it is used at Jaguar and Cable & Wireless), does not prevent the government from establishing rules governing the access of foreigners to privatized firms, of course, but what it does in particular is give the government a means of ensuring that its rules are observed.

Interest Rates To Decline

The drop in interest rates will be rapid but cautious, said Edouard Balladur at the end of last week. Following the 3-percent devaluation of the franc on 6 April, the downward trend in interest rates was being eagerly awaited in financial circles. The Bank of France set the pace last Tuesday when it lowered by one-fourth to half a point its intervention rate of 8 1/4 percent, which is the rate on which short-term rates are based. That decision fell within the general framework of the drop in rates around the world.

According to the Directorate of Economic and Financial Studies at the Lyons Credit Bank, the adjustment in French rates should continue, with short-term rates reaching 7.5 percent by the end of 1986. In that case, assuming that inflation is held at 3 percent, real French interest rates would be the same as real West German rates with no inflation. One question, however: will the drop in the interest rate on call money be discernible in loans to the firms?

The drop is implicit in the case of the some 18 billion francs outstanding in treasury bills. The bank prime rate (10.60 percent), which serves as the basis for a large number of loans to small and medium-sized firms, will probably drop very rapidly by at least a quarter of a point. The banks may balk this time, but they will have to go along. To make up for it, they are impatiently awaiting government authorization to charge individuals for the use of means of payment (checks in particular).

Pierre Berégovoy did not find the preelection period to be a favorable one for that kind of decision, but his argument can no longer be invoked by Edouard Balladur. If the authorities give the banks satisfaction, the drop in interest rates on loans to firms may very well accelerate in coming months.

Cautious Approach to Social Matters

Paris: L'USINE NOUVELLE in French 17 Apr 86 p 63

[Article by Jean-Paul Le Guern]

[Text] The Chirac government's intentions in the social area are clear. But the means of implementing them remain uncertain. Except for the timetable, which agrees at every point with the one predicted by L'USINE NOUVELLE back on 30 March (weekly issue No 12), and the procedure to be followed--working through Parliament (in its spring session) in the case of certain measures

(easing the procedure for layoffs for economic reasons, relaxing the administrative requirements, and encouragement to negotiate within the firm) and further decrees (within 6 months) on all other matters (relaxing the regulation of fixed-term, temporary, and part-time contracts, encouraging the employment of young people, and worker participation)--nothing has been definitely decided.

Caught between a CNPF [National Council of French Employers] that is asking it to do a great deal--and to do it quickly--and union organizations with which it cannot afford a head-on collision, the government is trying to clear a path for itself. If pursued all the way, that logic of caution will probably lead it to adopt solutions aimed at achieving a degree of compromise.

The basis for such a compromise exists. It is found in the protocol of agreement dated 16 December 1984 concerning the adaptation of conditions of employment. That protocol consists of five chapters: transfers due to technological changes, the length and arrangement of working hours, layoff procedures, thresholds, and differentiated work (fixed-term, temporary, and part-time contracts).

It is true that the protocol has remained a dead letter. But three union organizations--the CFDT, the CFTC [French Confederation of Christian Workers], and the FO [Workers Force]--had withheld their signatures only "in extremis." The Fabius government took advantage of that episode. The law of 25 July 1985 on fixed-term contracts and temporary employment--agreement on the latter had been reached beforehand, on 13 May 1985, by the social partners--was largely inspired by that abortive protocol. So was the law of last 17 January, which completed the "prorating" of the ceiling on social security contributions by employers on part-time work.

The Chirac government cannot fail to be tempted to follow that example, especially when it comes to relaxing layoff procedures and the thresholds for social and tax purposes. Besides the fact that opinions have changed during the nearly 18 months that have passed, neither the CFDT, the CFTC, nor the FO has the same reasons to resist today. Is it not easier to buy a law than to sign an agreement? And the CGT, which is the only presumptively intransigent organization, is in no condition to be an insurmountable obstacle.

If that overall hypothesis turns out to be correct, the most disappointed group will be the CNPF, even though the employers' organization has already won guarantees of exemption from social contributions for the most young people. Moreover, the government might offer it small compensations by going a little beyond the protocol of agreement of 16 December 1984, notably with respect to the layoff procedure applicable to small and medium-sized firms. The current balance of forces makes it possible.

Working Hypotheses

1. Fixed-term, temporary, and part-time labor contracts

In the case of fixed-term contracts and temporary employment, 1984 was to be done. Some possible changes in government legislation are:

grounds for recourse (including, at the very least, the elimination of prior government authorization in cases of restructuring and special need), extending the maximum duration of contracts, promoting the possibilities for renewal (applied to the same employee) and for succession (applied to another employee), and eliminating or shortening the compulsory delay between two consecutive contracts.

Concerning part-time contracts, the expected easing of regulations should affect the way in which wage earners in this category are counted when the total number of employees is calculated for the purposes of institutions representing personnel. Part-time workers would be counted on the basis of the hours they work (rather than being treated as full-time employees, as is now the case), just as they are in connection with other thresholds.

2. Exemption from social welfare contributions:

Probable hypotheses: a 100-percent exemption from employers' social security contributions when a young person is hired as part of the alternate training program, a 50-percent exemption when the young person is hired permanently at the conclusion of that training, and a 25-percent exemption for the straight hiring of someone under 25 years of age.

The CNPF's recent proposals for revising the alternate training program may also be accepted, especially as regards adjustments (from 3 to 6 months) to the duration of the stages of occupational training. That particular proposal is much prized by business executives.

3. Participation:

The means of financial participation (profit sharing, sharing in the fruits of expansion, and shareholding) will be developed. It will be possible to open up boards of directors or supervisory boards to wage earners. What remains is to determine those means, particularly by putting them in the right relation to the enterprise committee's current representation--with voice but no vote--on those boards.

4. Layoff procedure:

Almost certain to be adopted are the following: the elimination of government authorization in the case of small and medium-sized firms; the elimination, in the case of all firms, of prior authorization to hire in the year following a mass layoff; and, in the case of firms that will still need authorization for layoffs, a shortening of the time needed to process those authorizations. It is also possible that verification by the labor inspector of the economic reason for the layoff will be eliminated.

5. Thresholds:

Probable changes: a 1- or 2-year freeze on the appointment of personnel representatives and an enterprise committee when a firm passes the thresholds of 11 or 50 wage earners, plus reductions, based on the size of the firm, in

all or part of the taxes based on wages (construction, transportation, training, and apprenticeship programs). In addition, the way in which institutions representing the personnel function (frequency of meetings, time off from work, and so on) may be made more flexible during the first few years after they are set up (following the freeze mentioned above).

6. Encouragement to negotiate within the firm:

The first field to be opened up to this decentralized negotiation will be the arrangement of working hours. It seems certain that the Delebarre Law of last 28 February will be revised. The exclusive right of the occupational branch to negotiate in this field would be withdrawn. And the requirement that the average workweek be reduced to 38 or 37.5 hours would disappear.

With that precedent having been set, it may be possible gradually to extend the principle of negotiation within the firm--now the exception both in content and in method when it comes to labor regulations (especially as far as the skill of negotiators on the wage earner side is concerned)--to other areas.

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ECONOMIC

FRANCE

STATE OF FOREIGN TRADE ASSESSED

Paris LIBERATION in French 23 Apr 86 p 2

[Article by Francoise Fressoz; first three paragraphs are LIBERATION introduction]

[Text] It was to be expected: the minister of foreign trade had no hesitation in stressing the legacy of a situation which he said had deteriorated greatly. And Michel Noir was evasive, to say the least, when it came to discussing the necessary remedies. The fact is that liberalism carries a price: Michel Noir finds it "hard to imagine that the minister of foreign trade will be the one who improves foreign trade."

This is all the more true in that in the final months of their rule, the Socialists had managed to bring France out of the red to the extent of even showing a slight profit in February. The drop in petroleum prices, like the signs of a recovery in the FRG, should not delude anyone. The minister of foreign trade warns that the former is in the nature more of a miracle than of a gold mine and that the latter, in the opinion of experts on trade between the two countries, is taking French industrialists by surprise at a time when they are still rebuilding their margins thanks to the 6-percent devaluation early this month. The result is that, helped on by perverse effects, France's chief customer is very likely once again to profit even more as a supplier.

The fact is that while French executives welcomed the monetary adjustment, they have told LIBERATION that they have little intention of using it to lower their prices and win new market shares. So the minister's pessimism is justified.

If there is any minister aware of the limitations of his office, that minister is Michel Noir. In presenting "the results and prospects" of French foreign trade to the press yesterday, the minister delegate painted a black picture of the situation (fair enough), but did not explain the paths to be followed in the future (perhaps not so fair). According to him, the devaluation will not bring any short-term benefit. And as for the petroleum manna, it is only a mirage obscuring the real problems. In short, France is not out of the woods yet, even though it has a chance of ending this year with a surplus of between 10 million and 30 million francs.

At that stage of his analysis, the reporters expected Michel Noir to turn into Zorro and offer his magic potion. But they were disappointed: "Spectacular action is not my style. I have no intention of taking a chartered plane to foreign countries with 400 industrialists--it makes a bad impression" (a direct allusion to the practice adopted by Edith Cresson, his predecessor). "I consider myself above all to be a hardworking provincial who has worked in a firm for 12 years. And as such, I find it hard to imagine that the minister of foreign trade will be the one who improves foreign trade."

That staunch liberalism may fit in perfectly with the philosophy of the new government, but it is beginning to worry more than one person. "Michel Noir is bored with his job. And it shows a little too much" was the comment yesterday in high circles. Meaning that by downplaying his role, the minister delegate might be creating the impression that the government is completely disinterested in the trade balance.

And that, naturally, is false. Surrounded by a team of industrialists whose names are not yet known, Michel Noir will propose a number of minor reforms a few months from now for the purpose of shoring up the overall economic policy that will be aimed entirely at the recovery of the firms. The numerous organizations concerned with foreign trade are to simplify their activity and coordinate it better. The French will be coaxed from a very young age to adopt an "international view of the problems" (implying concerted action with the Ministry of National Education). For its part, the government will help the PME [small and medium-size firms] establish themselves on foreign territory, probably through additional tax relief. In short, the state will have its say, but without guaranteeing the final result. And that, of course, is the tragedy of every government that comes along: they are all capable of diagnosing the trouble but powerless to plug the holes.

The first weakness pointed out by Noir is that France's industrial trade surplus is deteriorating: "the industrial surplus, which was the driving force behind the recovery in our foreign trade in 1983 and 1984, experienced a strong setback in 1985. It fell... from 97 billion to 83 billion francs." Our exports are tending to top out, while our imports are growing. Since 1980, our shares of the market have fallen steadily. In short, France is good at exporting its agriculture but poor at selling its industry.

The second weakness is that France is in deficit with most of the big industrialized countries. The deficit in its trade with the OECD countries totals 77 billion francs, while its deficit with the European Economic Community alone exceeds 60 billion francs, most of it in connection with industrial products. The deficits with the FRG, Italy, Japan, and Belgium are particularly worrying.

The third handicap is that big contracts are dwindling and are not being compensated for by "ordinary" trade: "We lost 7 billion francs under that heading in 1985. We are in danger of losing 15 billion this year because of the difficulties being experienced by the Third World countries," according to Michel Noir's diagnosis. "At the same time, ordinary trade is deteriorating."

To explain all those weaknesses, the minister advanced three sets of reasons traditionally put forward by the experts: French industry is not competitive because prices in France are rising faster than they are abroad (hence the need to reset our clocks via devaluation). It is structurally weak because it lacks funds for investment. And the thinking of business executives is too French oriented. "Exports account for only 16 percent of the turnover of industrial firms with from 20 to 50 employees."

All those statements are true. But they probably need to be ranked by order of importance. While it is true that the famous differential in inflation (especially in terms of the FRG) poses a problem, it has tended to fade away in recent months because of the slowdown in France's rate of inflation. In addition, the excessive production costs which have long been a handicap to France show signs this year of rising more slowly here than in the FRG--one less handicap for French industrialists.

As for the financial situation of the firms, it is far from being as bad as the minister says it is. As the chief beneficiaries of the Socialist program of "rigor" and the big winners from the combination of lower petroleum prices and a cheaper dollar, the firms again have balance sheets comparable to those that prevailed before the two oil shocks. The big blockage today, therefore, is mostly psychological in nature. The French do not like to take risks with exports. Who on earth will be able to loosen them up?

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ECONOMIC

FRANCE

INDUSTRIAL MODERNIZATION FUND IN JEOPARDY

Paris LE NOUVEL ECONOMISTE in French 11 Apr 86 p 97

[Article by J. Gl.]

[Text] "It is advisable to begin thinking deeply about the various systems of aid to industry, particularly the system constituted by the FIM [Industrial Modernization Fund], and to do so quickly." Alain Madelin, minister of industry, posts and telecommunications, and tourism, had scarcely settled into his office on Rue de Grenelle before taking advantage of a meeting by the FIM on 1 April to recall "the new government's liberal objectives in the field of aid." His choice of surroundings was not an accident: the FIM had been established by Laurent Fabius when the latter was minister of industry in 1983. Moreover, the FIM's financing of investment at preferential rates is considered suspect by the European Commission. The FIM case will therefore constitute a test of Madelin's ability to bring about a drastic change in traditional relations between the state and the firms.

The FIM was established because of something noted by Fabius: unlike agriculture, housing, local communities, and so on, industry did not have access to privileged financing channels. Hence the idea of creating a tax-free savings instrument (CODEVI) to be offered by all financial networks and paying the same interest as that paid by savings banks on "passbook A" accounts. Part of the money collected in CODEVI accounts is redeployed in the form of loans--directly by the banks as "business loans by banks" (PBE's) and indirectly by the FIM, whose Deposit Office provides financing after receiving a portion of the money deposited in those accounts. The Ministry of Finance has always been hostile to that financing channel, which escapes its supervision.

In any case, the FIM is managed by ANVAR (National Agency for Research Development). Loans of less than 5 million francs are granted by the regional offices of that organization, which is headed by Christian Marbach. In the case of loans over that amount, the decision is more political and is sometimes passed all the way up to the prime minister.

The FIM is attractive and has enjoyed undeniable success. By the end of 1985, it had made about 2,000 loans worth 13.5 billion francs and financed over

9,000 leasing arrangements worth 5.7 billion francs. That makes a total of 11,000 financing operations worth nearly 20 billion francs. Why such growth? The appeal lies in the interest rates, which are either 9.25 or 9.5 percent in the case of loans and range from 11 to 14 percent in the case of leases. That is often from 3 to 5 points less than the rates charged by traditional sources of long-term financing for small and medium-sized businesses.

The FIM is criticized on three main points: it is said to be a secular arm of state intervention, it is accused of excessively favoring big business, and it is charged with distorting competition.

Secular arm of the state? The FIM intervenes in operations that are under the remote control of the authorities, examples being "monetique," the data processing plan for everyone, or the conversion poles. Above all, it makes a big contribution to the financing of state-owned enterprises, its loans in that sector having totaled 1.5 billion francs in 1985, including 500 million for Renault.

Predilection for big firms? Companies with over 500 employees account for only 9 percent of the number of loans but nearly half of the amount of those loans. Among the beneficiaries: Peugeot, the BSN, Zodiac, Kossignol, ESSILOR, Bongrain, Legrand, and others. Some people feel that the FIM should restrict itself to more modest firms.

Distortion of competition? Concerning the cases of Perrier and the European Brewery Company (the BSN Group), the European Commission recently announced: "The investments benefiting from these loans appear to concern measures aimed purely and simply at modernizing the means of production, and as such, they are incompatible with the Common Market."

Two factors will probably have a stronger influence on the FIM's future than those attacks. One is that CODEVI accounts are stagnating. After soaring initially, the balance in CODEVI accounts is now rising only slightly. It was 50 billion francs at the end of 1983, 64 billion at the end of 1984, and 72 billion at the end of 1985. That slowdown is due largely to the fact that the ceiling on each account has been kept at 10,000 francs, and in the long run, it will threaten the growth of such loans.

The second factor is that for the banks, the CODEVI-FIM system is not very profitable. It is also complicated from the administrative standpoint. "Its disappearance would not bring any tears," says the head of one big establishment.

So it is not difficult to come up with an indictment of the FIM. But the organization has firm defenders all the same: its customers. That is a point which Madelin will not be able to ignore at a time when the government wants to give investments a boost.

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ECONOMIC

ICELAND

PERSISTENT TRADE DEFICIT SHOWS SIGNS OF IMPROVING

Reykjavik MORGUNBLADID in Icelandic 11 Mar 86 p 9

[Commentary by Staksteinar: "An Unfavorable Balance of Trade"]

[Text] During the period January to November, 1985, Icelandic exported a value of 29.795 billion kronar (20.732 billion kronar during the same period in 1984). On the other hand, during the same period last year we imported a value of 33.922 billion kronar (23.588 billion kronar during the same period in 1984). From these figures we can see that the Icelandic balance of trade has been and is very unfavorable. Staksteinar will dwell on this matter today and various activities in the Althing connected with the foreign trade deficit.

Consumption and Debt Accumulation

Few nations are so dependent upon international trade as Iceland. We export a larger portion of our national production and import a larger proportion of our total consumption than most other peoples. Iceland's terms of trade with the world thus weigh heavy on the scales of the Icelandic standard of living. It is far more important for us than many people realize what value we receive for exported goods and services and what the purchasing power of our export income is, when imported goods and services are the issue. Trade is thus an important function which has a great impact upon living conditions in Iceland.

It is, on the other hand, not good that we have for some time imported considerably more than the purchasing power of our export income has allowed. Accumulation of foreign debt, which strains the Icelandic national economy today is thus not completely connected with investment within Iceland.

Increased Exports--An Improved Marketing Position

It is extremely important to achieve, sooner or later, a foreign trade balance. The most desirable way to achieve this goal is to promote export production of every sort and to strengthen the marketing position for Icelandic goods abroad. The same is true about Icelandic competitive industry and its position on the world market.

Recently presented to the Althing was a government proposal for an Icelandic Exports Council, which would have the duty of achieving the increased

cooperation of companies, associations and government in areas connected with promoting exports and of offering all kinds of services and advice to exporters for the purpose of aiding and increasing exports of goods and services. The Export Council would be open to all parties exporting goods and services or acquiring foreign exchange in other ways such as trade associations. Having a seat on the council for the government, if the proposal is enacted, will be representatives of the Icelandic Ministry of Trade, the Ministry of Foreign Affairs, the Ministry of Industry, the Ministry of Agriculture and the Ministry of Fisheries.

I will not discuss the elements of the proposal more. It is, on the other hand, witness to the growing will of the government, of interested parties in the field of export production and of all the public for suitable cooperation to promote export production and to strengthen the marketing position of Icelandic exports.

Productivity--Sales and Marketing

A proposal for an Althing resolution has emerged, offered by MPs of four parties (the primary sponsor is Gunnar G. Schram), on efforts to increase the productivity of Icelandic occupations. The proposal calls for the government to seek cooperation with national labor market associations in order to set in motion efforts to achieve the increased productivity of Icelandic occupations. The purpose of the proposal is, among other things, to lay down a foundation for increased economic growth and to promote an economic balance.

Another proposal, sponsored by 16 MPs (the primary sponsor is Arni Johnsen), commits the government, if the proposal is enacted, to work for the cooperation of three ministries and parties of the labor market "for regular education and occupational training in the areas of sales and marketing within and without Iceland, along with special measures to gather marketing information." The purpose is to make thorough education in salesmanship, market acquisition, the means of advertising and information and drawing up contracts a part of the school system and of business life."

There is also before the Althing a proposal (of Gunnar G. Schram) that would call upon the government to explore the possibility of a free trade agreement with the United States with regard to "what would be the commercial advantages of such an agreement for Icelandic occupations and exporting activities."

This is by no means a full listing of Althing actions connected with export production and Iceland's marketing position. The examples will suffice, however, to show that understanding and interest in these important areas concerned with the living conditions and economic independence of the nation for the immediate future is increasing, something to the good.

Better Prospects

During recent weeks there has been a change for the better in Iceland's conditions of trade. Prices for frozen and salt fish have been increasing and the price of petroleum falling. In terms of current prices, the conditions of trade have improved by around 2 percent compared with last year. On the other hand, it is uncertain whether or not the high price of bulk cod in the United States will be maintained.

Table 1 shows the evolution of the conditions of trade since 1972.



Table 1: Evolution of Conditions of Trade 1972-1986 (1972=100).
 The figure for 1985 is estimated. The higher figure for 1986 is based upon a new forecast from early February. The lower figure is from the national economic projections

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ALTHING SUPPORTS MEASURES TO REDUCE RELIANCE ON USSR FOR OIL

Reykjavik MORGUNBLADID in Icelandic 5 Mar 86 p 30

[Article: "Althing Should Take a Position on Increased Freedom in Petroleum Trading"]

[Text] Matthias Bjarnason, Icelandic Minister of trade, reported yesterday in the Althing that he wishes for the proposal of Social Democratic Party MPs on freeing the importation of petroleum products to be cleared from committee and for there to be a vote on it in the Althing. He said that proposals of this sort had been discussed many times previously in the Althing and that there is the need for the policy and will of the Althing in this area to become clear. The minister said, on the other hand, that he is opposed to the proposal and that he hoped it would be "murdered" in the Althing.

The Social Democratic Party proposal received its first hearing yesterday in a joint session of the Althing and Kjartan Johannsson (Social Democratic Party, Reykjanes) spoke in favor of it. He greatly criticized the current agreement on oil imports and sales and said that it did not provide enough incentive to the managements of the oil companies to purchase cheaper oil or distribute in an economical manner. What they have attempted to do is reduce competition among themselves to the minimum and make sales solely on their own terms.

Johannsson discussed the organization of oil imports and sales briefly and noted that the approach whereby import balance accounts even out price fluctuations restricts efforts to purchase cheaper oil to the degree that it is possible in terms of the agreement with the Soviet Union. He then said that regulations governing the import balance fund restrict efforts to find a more economical way for domestic petroleum distribution. According to these regulations, the profits achieved by one oil company through improved distribution would go to make up for competitors which have not done so well in this area.

Johannsson thought it true that there are substantial marketing advantages in the Soviet Union. In this connection, however, it need be borne in mind that in 1984 imports from the Soviet Union amounted to 2.2 billion kronar and exports to the Soviet Union only 1.8 billion kronar. Many of the products which we sell the Soviet Union, for example, salt fish, could be sold on other markets. He said that it is true that the price which Iceland receives for its

salt herring in the Soviet Union is higher than it is possible to obtain elsewhere. The question is, however, how long the Soviets will go on purchasing salt herring at a high price if they can obtain it elsewhere. It would be uncertain to base trade upon such circumstances.

Kjartan Johannsson noted that although the Icelandic Minister of Trade is a complete opponent of a free oil trade, Thorsteinn Pálsson, chairman of the Independence Party, does not agree with him. Pálsson has made clear in a newspaper interview that increased free trade in this area is under consideration. Johannsson said that he was pleased to hear about this.

It Would be Irresponsible to Approve the Proposal

Matthias Bjarnason, Icelandic Minister of Trade, said that one could not talk of a lack of trade freedom in connection with purchases abroad of petroleum products. These purchases are based upon the free petroleum market in Rotterdam and nothing will change this, whether the oil comes from the Soviet Union or other countries.

Bjarnason said that Iceland has for some time seen the necessity of availing of trading connections with other countries to sell its products. It would be completely irresponsible to approve the Social Democratic Party proposal and thereby renounce binding agreements with the Soviet Union made last spring for five years. The minister raised the question of what Iceland would do if other countries behaved in a similar manner towards them.

Bjarnason then noted that Kjartan Johannsson was, during his time as a minister, no spokesman of free trade and that the same can be said about his fellow party member Gylfa Th. Gíslason, who was Icelandic Minister of Trade for 12 years. Only since the MPs have been in the opposition have they become concerned about free trade.

Matthias Bjarnason then briefly discussed the petroleum trade with the British National Oil Company (BNOC) and said that this trade had proven less economical than trade with the Soviet Union. During the period 10 Sep, 1980 to 21 Jul, 1981 oil was purchased from BNOC valued at around 45 million U.S. dollars. If this oil had been purchased from the Soviet Union during the same period the purchase price would have been around 41 million U.S. dollars. The difference would have been 3.5 million U.S. dollars, or around 150 million Icelandic kronar.

The minister asked Kjartan Johannsson whether or not he wanted to free domestic oil prices and whether or not he would allow varying prices in different parts of Iceland. He said that he himself is a decided opponent of such a proposal.

Olafur Th. Thordarson (Progressive Party, West Fjords Electoral District) noted that Kjartan Johannsson had been very much in the forefront in the Althing a few years ago when there was discussion of what the purchases of petroleum coming from countries other than the Soviet Union should be based on, on the Rotterdam values or whether there should be special agreement, with Britain, for example. "That would be an expensive adventure," said the MP and

was in favor of trade with BNOC. He felt that Johannsson should apologize for the advice which he gave in connection with petroleum purchases and which have damaged Iceland.

Petroleum Chiefs "Protected"

Valdimar Indridason (Independence Party, Western Electoral District No 1) said that the managers of the petroleum companies have lived for so long in a protected environment that there is no inducement for them to change their mode of operations. He noted that there must be a change in the current form of oil company import balancing accounts, which have lost meaning. In place of a collective system of accounting each company should have its own accounting, something which should be an incentive to seek economical purchases. The MP noted in that connection that 30-40 percent of Iceland's oil purchases do not come from the Soviet Union. When the new system comes into use the oil companies could issue varying prices for petroleum products which, in the base of benzene, for example, could be different by 1 to 2 kronar a liter.

The MP said that there is a certain security in petroleum trade with the Soviet Union and that the total profits from the trade will not be bad. He would not thus sacrifice them. We should not forget the quality of the crude oil coming from the Soviet Union; our experience has been that other kinds of crude oil cannot be used by the trawler fleet.

Kjartan Johannsson took the floor again and said that he had no idea how his proposal for trade with BNOC came out and that the minister of trade did not know either. The Rotterdam market price fluctuates up and down and the critical thing is what day is taken as the basis when comparisons of the sort made by the minister are made. He said that it was Thomas Arnason who worked out the agreement with BNOC, and not himself.

"People are trying to drum into the people of Iceland that the Rotterdam price is the best in the world," said the MP, "but that is nonsense." He then noted how then how petroleum prices for the Soviets have been formed on this market. He said that it was untrue, as reported in MORGUNBLADID Althing news, that he had stated in earlier discussions of the matter in the Althing that the Soviets always based themselves upon the highest prices. The fact of the matter is, should we not, in terms of agreements with the Soviet Union, make provision for obtaining oil at the lowest prices. Johannsson said that he had at his disposal a chart on 22 oil shipments from the Soviet Union and in two instances the lowest prices prevailed, but not otherwise. Most often there is little difference, but sometimes the difference is substantial.

The MP said that price leveling for petroleum is a simple thing, which might be ended by act of the Althing, and that there is no need to establish a complicated fund system for the purpose of ensuring the same petroleum prices throughout Iceland. He stated his amazement at the rigid opposition of the Icelandic Minister of Trade to free setting of prices for petroleum and asked why the minister did not hold the same views for other areas of trade, which he allows to be free.

Birgir Isleifur Gunnarsson (Independence Party, Reykjavik) said that he was in favor of having the Social Democratic Party proposal discussed thoroughly in the Labor Committee of the joint Althing, of which he is chairman. He said that there are large holes in the organization of petroleum trade and sales and that improvements are needed. He said that this would be best achieved through promoting increased competition and said that he did not desire to be so rigid as the Icelandic Minister of Trade on changed organization leading to improvements.

Gudmundur J. Gudmundsson (People's Alliance, Reykjavik) also spoke and opposed the construction of new filling stations. He said it seemed to him that the chiefs of the oil companies amuse themselves by investing as they like whatever the economics of the situation.

At the conclusion of the discussions, it was resolved to direct the proposal for final discussion to the Labor Committee of the joint Althing.

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TALK OF BUILDING IN-COUNTRY REFINERIES IN WAKE OF USSR ACTION

Independence Party Spokesman Comments

Reykjavik MORGUNBLADID in Icelandic 19 Mar 86 p 18

[Article by Thorstein Halldorsson: "The Independence Party Oil Trade Policy"]

[Text] The Author is the former chairman of The Association of Young Independence Party Members "Tys" in Kopavogur. He has been a delegate to the party national convention and has had a seat on the Independence Party electoral district council for the Reykjanes since 1979 and has a seat in the administration of the delegate council of Independence Party Cells in Kopavogur.

The assertion of the highly honored Icelandic Minister of Trade that the policy now followed in oil trade with the Soviet Union is in accordance with the policy of the Independence Party sounds strange.

It is worthwhile to remind the highly honored minister of the 1981 Independence Party convention resolution, which was repeated at the next convention, and states: "...It should be borne in mind that it could be dangerous to be too dependent upon one party for such an important material as oil. It is particularly questionable when the party which we are trading with follows a policy which seeks to use trade, cultural connections, scientific cooperation and military power in a coordinated manner to increase its influence and power widely in the world. In trading with the Soviet Union it is necessary to take into consideration this fact and that one of the Soviet Union's most important connections with Iceland is in the area of trade. The Soviet Government will not sacrifice these connections willingly and it rather would maintain those demands which it is making through the connections and it will certainly achieve them if Iceland acts as if it has no other choice than to trade with the Soviets." MORGUNBLADID editorials on the oil trade are also good reading matter.

It seems to me that the minister owes party national convention delegates, and likewise all party members, an explanation concerning his words in this regard in Pal Magnusson's recent article on the oil trade.

In years past the party convention has reiterated its assertion that the elected leaders of the Independence Party have been acting against the resolutions of the highest party authorities. People have to ask what good it does to waste their valuable time sitting in national conventions and in party council meetings to discuss and resolve policy if party MPs do not feel themselves bound by it to any degree. And yet those same MPs call themselves Independence Party MPs. It is as if the captain of the coastal vessel Balder declared himself captain of the Akraborg.

Minister Ponders Domestic Refining

Reykjavik MORGUNBLADID in Icelandic 20 Mar 86 p 4

[Article: "Has the Time Come to Construct an Oil Refinery?"]

[Excerpts] Icelandic Minister of Industry Albert Gudmundsson raised the question yesterday in a speech before the annual meeting of Icelandic industrialists whether or not the time has come to construct an oil refinery in Iceland and "to create the almost inexhaustible possibilities involved in modern oil production," as the minister worded it. A careful investigation of the benefits of building an oil refinery here in Iceland was carried out about 15 years ago and, among other things, a special planning company was established to take up the proposal.

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